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August 14, 2015

Via eFiling

**FILING INCLUDES REQUEST FOR LIMITED PARTIAL  
WAIVER OF ETARIFF FILING REQUIREMENTS**

The Honorable Kimberly Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

Re: *Entergy Arkansas, Inc., et al.* – Settlement Agreement in Docket Nos. ER14-75-000, ER14-75-001, ER14-76-000, ER14-76-001, ER14-77-000, ER14-77-001, ER14-78-000, ER14-78-001, ER14-79-000, ER14-79-001, ER14-80-000, ER14-80-001, ER14-128-000, ER14-1328-000, and ER14-1329

Dear Ms. Bose:

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (the "Commission"), 18 C.F.R. § 385.602 (2015), Entergy Services, Inc. ("ESI") hereby submits for filing in the above-referenced dockets a settlement agreement to resolve issues in Docket Nos. ER14-75-000, ER14-75-001, ER14-76-000, ER14-76-001, ER14-77-000, ER14-77-001, ER14-78-000, ER14-78-001, ER14-79-000, ER14-79-001, ER14-80-000, ER14-80-001, ER14-128-000, ER14-1328-000, and ER14-1329. The Settlement Agreement resolves all outstanding issues among the Settling Parties<sup>1</sup> in those dockets. Also included with this filing are the following:

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<sup>1</sup> ESI is authorized to represent that the following parties collectively and individually support this Settlement Agreement as in the public interest, and are "Settling Parties": Entergy Texas, Inc. ("ETI"), Entergy Louisiana, LLC ("ELL"), Entergy Gulf States Louisiana, L.L.C. ("EGSL"), Entergy New Orleans, Inc. ("ENO") (ETI, ELL, EGSL, and ENO are also referred to herein as the "Entergy Operating Companies" or the "Operating Companies"), and ESI. The Louisiana Public Service Commission ("LPSC"), the Council for the City of New Orleans ("CCNO") and the Public Utility Commission of Texas ("PUCT") actively participated in settlement negotiations and are included as Settling Parties, but cannot vote on approval of the Settlement Agreement until certain procedures before them, including further approvals, have been completed. The Staffs and outside counsel for the LPSC, CCNO, and PUCT have negotiated this Settlement Agreement, but are not authorized to bind such entities. This filing is being made so that each entity may initiate such proceedings as are necessary to allow each to duly consider and act on the Settlement Agreement without being constrained by the confidentiality applicable to ongoing settlement negotiations. The statement of LPSC's, CCNO's, and PUCT's support for the Settlement Agreement, and references to each of these entities as a Settling Party, is thus conditioned on each of these entities voting to approve the Settlement Agreement. By October 31, 2015, counsel for LPSC, CCNO, and PUCT each agree to provide the Commission with a report regarding the final status of whether the LPSC, CCNO, and the PUCT have approved the Settlement Agreement, and if not, the status and anticipated timing to complete such approval process.

- (1) Explanatory Statement in Support of Settlement;
- (2) Draft Commission order approving the settlement;
- (3) Exhibits A and B<sup>2</sup> – *Pro Forma* Versions of Redline and Clean revisions to Section 1.01 of the Entergy System Agreement;
- (4) Exhibits C and D – Forms of Amended Notices of Termination of ETI and ELL/EGSL;
- (5) Exhibit E – Form of Second Amended Joint Pricing Zone Revenue Allocation Agreement; and
- (6) Exhibit F – Form of Settlement Payment Agreement.

In Exhibits A and B, ESI submits proposed revisions to the Entergy System Agreement on a *pro forma* basis and respectfully requests limited partial waiver of the Commission's eTariff filing requirements under Order No. 714 and Sections 35.7 and 35.9 of the Commission's regulations. ESI requests such limited partial waiver of the eTariff filing requirements to permit deferral of the obligation to file the revisions to the System Agreement, which is in the Commission's eTariff system, until after the Commission acts on the Settlement Agreement. The waiver request is limited and partial in that the ESI is only seeking a deferral of the eTariff filing requirements. The requested waiver will promote administrative efficiency by obviating the need to make an eTariff filing before the Commission rules on the merits of the Settlement Agreement. If the waiver is granted, ESI will file the revisions to the Entergy System Agreement within thirty (30) days following the Commission's approval of the Settlement Agreement. Thus, good cause exists for the Commission to grant the requested limited and partial waiver.

In accordance with Rule 602(f)(2), ESI hereby informs all participants that initial comments on the Settlement Agreement are due by September 3, 2015, and reply comments are due by September 14, 2015. 18 C.F.R. § 385.602(f)(2) (2015).

Respectfully submitted,

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<sup>2</sup> Exhibits A through F are illustrative forms of certain anticipated filings and notices required by Settlement Agreement Section II.A(2). They are subject to change as necessary when the final versions are prepared for filing with the Commission.

UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

Entergy Arkansas, Inc.	)	Docket Nos. ER14-75-000
	)	ER14-75-001
	)	
Entergy Gulf States Louisiana, L.L.C.	)	ER14-76-000
	)	ER14-76-001
	)	
Entergy Louisiana, LLC	)	ER14-77-000
	)	ER14-77-001
	)	
Entergy Mississippi, Inc.	)	ER14-78-000
	)	ER14-78-001
	)	
Entergy New Orleans, Inc.	)	ER14-79-000
	)	ER14-79-001
	)	
Entergy Texas, Inc.	)	ER14-80-000
	)	ER14-80-001
	)	(Consolidated)
	)	
Entergy Texas, Inc.	)	ER14-128-000
	)	
Entergy Louisiana, LLC	)	ER14-1328-000
	)	
Entergy Gulf States Louisiana, L.L.C.	)	ER14-1329-000

**SETTLEMENT AGREEMENT**

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (the “Commission”), 18 C.F.R. § 385.602 (2015), Entergy Services, Inc. (“ESI”), as agent for the Entergy Operating Companies,<sup>1</sup> hereby submits this Settlement

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<sup>1</sup> The Entergy Operating Companies that are participating in this Settlement are: Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy New Orleans, Inc. and Entergy Texas, Inc.

Agreement that resolves all outstanding issues among Settling Parties<sup>2</sup> in the above-captioned proceedings.

## **I. INTRODUCTION**

On October 11, 2013, pursuant to section 205 of the Federal Power Act (“FPA”),<sup>3</sup> ESI, as agent and on behalf of the Entergy Operating Companies, submitted a proposed amendment to revise section 1.01 of the Entergy System Agreement (“System Agreement”)<sup>4</sup> by changing the notice period for an Operating Company to terminate its participation in the System Agreement from 96 months (8 years) to 60 months (5 years) (“Notice Filing”). ESI requested an effective date of October 12, 2013 for the Notice Filing. The Notice Filing was originally submitted in Docket Nos. ER14-75-000, ER14-76-000, ER14-77-000, ER14-78-000, ER14-79-000, and ER14-80-000.

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<sup>2</sup> ESI is authorized to represent that the following parties collectively and individually support this Settlement Agreement as in the public interest, and are “Settling Parties”: Entergy Texas, Inc. (“ETI”), Entergy Louisiana, LLC (“ELL”), Entergy Gulf States Louisiana, L.L.C. (“EGSL”), Entergy New Orleans, Inc. (“ENO”) (ETI, ELL, EGSL, and ENO are also referred to herein as the “Entergy Operating Companies” or the “Operating Companies”), and ESI. ELL and EGSL are presently pursuing a transaction to combine their respective assets and liabilities into one consolidated utility operating company. It is currently expected that this transaction may be closed during the period of performance of this Settlement Agreement. It is understood by the Settling Parties that references to ELL and/or EGSL in the Settlement Agreement should be construed to encompass the eventual combined entity as appropriate.

The Louisiana Public Service Commission (“LPSC”), the Council for the City of New Orleans (“CCNO”) and the Public Utility Commission of Texas (“PUCT”) actively participated in settlement negotiations and are included as Settling Parties, but cannot vote on approval of the Settlement Agreement until certain procedures before them, including further approvals, have been completed. The Staffs and outside counsel for the LPSC, CCNO, and PUCT have negotiated this Settlement Agreement, but are not authorized to bind such entities. This filing is being made so that each entity may initiate such proceedings as are necessary to allow each to duly consider and act on the Settlement Agreement without being constrained by the confidentiality applicable to ongoing settlement negotiations. The statement of LPSC’s, CCNO’s, and PUCT’s support for the Settlement Agreement, and references to each of these entities as a Settling Party, is thus conditioned on each of these entities voting to approve the Settlement Agreement. By October 31, 2015, counsel for LPSC, CCNO, and PUCT each agree to provide the Commission with a report regarding the final status of whether the LPSC, CCNO, and the PUCT have approved the Settlement Agreement, and if not, the status and anticipated timing to complete such approval process.

<sup>3</sup> 16 U.S.C. § 824d.

<sup>4</sup> The System Agreement is a FERC-approved rate schedule filed with and subject to the exclusive jurisdiction of the Commission. The System Agreement allocates among the participating Entergy Operating Companies the benefits and costs of coordinated operations of those Entergy Operating Companies’ generation and bulk transmission facilities. The System Agreement is administered by the Operating Committee, which is comprised of the presidents of the Operating Companies and a representative from Entergy Corporation.

On October 18, 2013, pursuant to FPA section 205, ETI filed in Docket No. ER14-128-000 a notice to withdraw from the System Agreement with a requested effective date of October 18, 2018, or an effective date consistent with the Commission's ruling on the Notice Filing. On February 14, 2014, ELL and EGSL filed in Docket Nos. ER14-1328-000 and ER14-1329-000 notices to withdraw from the System Agreement, with a requested effective date of February 14, 2019, or an effective date consistent with the ruling in the Notice Filing. These notices to withdraw are referred to as the "Withdrawal Filings."

Comments and interventions in the Notice Filing dockets were due on or before November 12, 2013. Timely interventions and protests were filed by the PUCT, CCNO, and LPSC. PUCT supported a shortened notice requirement, as requested by the Notice Filing, but argued that sixty months would still be too long. CCNO and LPSC argued that the proposed sixty-month notice period was not adequately supported. CCNO asked the Commission to either reject the Notice Filing or to set it for hearing. LPSC sought a hearing to address the reasonableness of the System Agreement in the MISO environment, among other issues, and sought consolidation of the Notice Filing dockets with ETI's Withdrawal Filing. The Arkansas Public Service Commission ("APSC") and the Mississippi Public Service Commission filed late interventions. On November 26, 2013, ESI filed a motion for leave to answer and answer to the State Commissions' protests. On December 9, 2013, PUCT filed a motion for leave to answer and answer to ESI's November 26 answer. On December 11, 2013, CCNO filed a motion for leave to respond and response to ESI's November 26 answer. On April 1, 2014, CCNO filed a motion for leave to file supplemental response and renewed motion for hearing.

Comments and interventions addressing ETI's Withdrawal Filing were due on November 8, 2013. Each of the active State Commissions filed timely interventions and comments. PUCT

supported ETI's Withdrawal Filing. CCNO and LPSC protested ETI's Withdrawal Filing. LPSC sought to consolidate ETI's Withdrawal Filing with the Notice Filing and two other dockets (Docket Nos. ER13-432-000 and ER14-73-000). The APSC filed a late conditional intervention and objected to the LPSC's request to consolidate the ETI Withdrawal Filing with Docket Nos. ER13-432-000 and ER14-73-000. On November 25, 2013, ETI filed a motion for leave to answer and answer to CCNO and LPSC's protests.

Comments and interventions addressing ELL's and EGSL's Withdrawal Filings were due on March 7, 2014. CCNO filed a timely intervention and comments, seeking either acceptance of ELL's and EGSL's Withdrawal Filings with an effective date of ninety-six months or consolidation of ELL's and EGSL's Withdrawal Filings with the Notice Filing dockets and ETI's Withdrawal Filing. On March 24, 2014, ELL and EGSL filed an answer to CCNO's comments. On April 1, 2014, CCNO filed a motion for leave to answer and answer to ELL's and EGSL's answer.

On December 18, 2014, the Commission issued an order (1) accepting the Notice Filing, effective October 12, 2013, subject to refund, (2) establishing hearing and settlement judge procedures, and (3) consolidating the Notice Filing proceedings for the purpose of settlement, hearing and decision. *Entergy Arkansas, Inc.*, 149 FERC ¶ 61,262 at P 1 (2014). The Commission also (4) "conditionally accept[ed] the Withdrawal Filings, to be effective on the dates requested in the respective filings, subject to the outcome of the Notice Filing proceedings." *Id.*

On January 5, 2015, the Chief Administrative Law Judge appointed the Honorable John P. Dring to serve as Settlement Judge in the proceeding. The parties and the Commission's Trial Staff participated in a formal settlement discussion with Judge Dring on January 22, 2015, April

2, 2015, June 3, 2015, and July 9, 2015. Following the July 9, 2015 Settlement Conference, representatives of the Settling Parties reached agreement on a settlement in principle, subject to the final approval of the LPSC, CCNO, and PUCT. The terms of that settlement in principle are detailed below.

## **II. SETTLEMENT AGREEMENT**

### **A. Agreements of All Settling Parties**

Each of the Settling Parties agrees as follows:

(1) The System Agreement shall terminate, effective August 31, 2016 at 11:59:59 PM Central Daylight Time (the “System Agreement Termination Date”), for all Operating Companies remaining a party to the System Agreement as of that date.

(2) The Entergy Operating Company Parties shall make such regulatory filings or direct MISO to make such filings that are necessary to effectuate the purposes of this Agreement, including but not limited to: amended notices of termination of the System Agreement for EGSL, ELL, and ETI; revisions to Section 1.01 of the System Agreement indicating that the System Agreement will terminate effective August 31, 2016 at 11:59:59 PM Central Daylight Time; notices to FERC of termination of the Jurisdictional Separation Plan (“JSP”) power purchase agreements (“PPAs”) and Calcasieu Generating Facility PPA (“Calcasieu PPA”) consistent with Section II.B; amendments to the surviving PPAs listed in Attachment 2, consistent with Section II.B(4) herein;<sup>5</sup> removal of ENO as a party to the Amended Joint Pricing Zone Revenue Allocation Agreement (“JPZ Agreement”) for the Entergy Louisiana transmission pricing zone (“TPZ”) consistent with Section II.C(4); establishing a separate TPZ for ENO under

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<sup>5</sup> The Settling Parties dispute the application of the ROE that will apply to replacement MSS-4 contracts, and this form revised contract included in Attachment 3 is not intended to take a position on that issue. It is included for informational purposes only.

the MISO Tariff; and providing for the transmission payment arrangement among ENO, ELL and EGSL as set forth in Section II.C(2).

(3) The Settling Parties shall either support or not oppose the regulatory filings identified in Section II.A(2) which are necessary to effectuate the purposes of this Settlement Agreement, provided such filings are consistent with the terms of this Settlement Agreement. The Settling Parties further authorize ESI and/or the Operating Companies to represent that the Settling Parties collectively and individually support the Settlement as in the public interest. The LPSC, CCNO, and PUCT cannot vote on approval of the Settlement Agreement until certain procedures before them, including further approvals, have been completed, which are expected to be completed by the end of October 2015. LPSC's, CCNO's, and PUCT's support for the Settlement Agreement is conditioned on and subject to these approvals of the Settlement Agreement. No later than October 31, 2015, LPSC, CCNO, and PUCT counsel will each report to the Settlement Judge and the Commission about whether approval of the Settlement Agreement from their respective client was obtained and, if not, the status and anticipated timing to complete the approval procedures.

(4) The Settling Parties shall execute further agreements that are reasonably needed to effectuate the purposes of this Settlement Agreement.

(5) The Settling Parties shall work in good faith to resolve any disputes or issues that may arise in connection with the implementation of the terms of this Settlement Agreement.

**B. Agreements of Specified Parties Relating to Specified Power Purchase Agreements**

ETI, EGSL, PUCT, and LPSC agree as follows:

(1) Upon the date of termination of the System Agreement, the cross-purchase power agreements ("PPAs") between ETI and EGSL associated with the gas-fired generation at the



Sabine, Lewis Creek, Nelson, Willow Glen, and Louisiana Station power plants that constitute the JSP PPAs and the Calcasieu PPA shall be terminated, without replacement contractual obligations. The JSP PPAs and Calcasieu PPA are identified in more detail, including FERC docket number, in Attachment 1. EGSL and ETI, or ESI on their behalf, shall make appropriate filings at FERC to provide notices of termination of the JSP PPAs and the Calcasieu PPA consistent with this Settlement Agreement. Should this Settlement Agreement not be approved and consummated, nothing herein shall be interpreted to modify the right of any Settling Party to take any legal position it determines to be appropriate regarding termination or continuation of the JSP PPAs or Calcasieu PPA.

(2) The Settling Parties mutually and irrevocably waive and release any rights, claims, remedies, or causes of action they may have against one another regarding the termination of the JSP PPAs or the Calcasieu PPA.

(3) This Settlement Agreement shall have no effect on the Reserved Source Points (“RSPs”), Auction Revenue Rights (“ARRs”) (including Counterflow ARRs), or Financial Transmission Rights (“FTRs”) that may be held by the Settling Parties, including but not limited to those associated with the JSP PPAs or the Calcasieu PPA. The Settling Parties waive and release any claim arising from or relating to the RSPs, ARRs (including Counterflow ARRs), or FTRs associated with the JSP PPAs or the Calcasieu PPA that may be held by any other Settling Party, including the past or future revenues associated therewith.

(4) This Settlement Agreement shall have no material effect on any PPA other than those listed in Attachment 1. Attachment 2 lists PPAs that shall be amended to remove any references to the System Agreement and replaced with provisions substantially similar to those shown in Attachment 3 (such provisions being an example of the provisions that will be added to

each of the PPAs listed in Attachment 2).<sup>6</sup> The revised PPAs shall be filed with FERC no later than 30 days following of termination of the System Agreement.

**C. Agreements of Specified Parties Relating to Transmission Arrangements**

EGSL, ELL, ENO, LPSC, and CCNO agree as follows:

(1) A separate TPZ within MISO will be established for ENO, to be effective upon the date of termination of the System Agreement. The ENO TPZ shall include ENO's existing load and transmission facilities and any new load or transmission facilities in the City of New Orleans that ENO may acquire or develop in the future.<sup>7</sup>

(2) On the first day of the month following (i) the date of System Agreement termination in accordance with this Settlement Agreement or (ii) the date of FERC approval of a separate TPZ for ENO in accordance with this Settlement Agreement, whichever occurs later, and on the first day of each month for 179 months thereafter, ENO will make a payment to ELL/EGSL in the amount of \$183,333.33 (a total of 180 monthly payments in this amount). A separate agreement among ENO, ELL, and EGSL will be filed at FERC to effectuate these payments.

(3) Upon the effective date of a separate TPZ for ENO in accordance with this Settlement Agreement, there shall no longer be any allocation of transmission costs or revenues among ELL/EGSL on the one hand, and ENO on the other, except as otherwise provided pursuant to the MISO Tariff. The Settling Parties hereby acknowledge that, pursuant to the current MISO Tariff there is no allocation of transmission costs or revenues under Schedules 7,

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<sup>6</sup> The Settling Parties dispute the application of the ROE that will apply to replacement MSS-4 contracts, and this form revised contract is not intended to take a position on that issue. It is included for informational purposes only.

<sup>7</sup> ENO and ELL are presently pursuing a transaction in which ELL's assets and operations in the Algiers section of the City of New Orleans would be transferred to ENO. The transaction is pending and may close during the period of performance of this Settlement Agreement.

8, or 9 among ELL/EGSL on the one hand, and ENO on the other. Transmission revenues associated with Schedules 7, 8, and 9 shall be allocated between ELL and EGSL in proportion to their transmission owner revenue requirements in the Entergy Louisiana transmission pricing zone or such other allocation methodology as they may agree upon in a FERC-filed joint pricing zone revenue allocation agreement that has been approved by the LPSC.

(4) Effective upon establishment of an ENO TPZ in accordance with this Settlement Agreement, ENO will no longer be a party to the JPZ Agreement for the current Entergy Louisiana TPZ. ELL, EGSL and ENO will file an amendment to the JPZ Agreement to remove ENO as a party. ENO and ELL/EGSL hereby waive and release any claims or causes of action they or any of them may have against each other arising out of or relating to the allocation of costs to or within, or the receipt of future transmission revenues from: (i) the current Entergy Louisiana TPZ (which includes ELL, EGSL, and ENO); (ii) the modified Entergy Louisiana TPZ that will be result from this Settlement Agreement (which will include ELL and EGSL but not ENO); or (iii) the separate ENO TPZ that will result from this Settlement Agreement. ENO and ELL/EGSL further hereby waive and release any and all claims or causes of action arising out of or relating to the JPZ Agreement to which each is a party prior to the establishment of the separate ENO TPZ in accordance with the terms of this Settlement Agreement.

**D. Agreements of Specified Parties with Respect to Certain Future Generation Resources for Louisiana Operating Companies**

EGSL, ELL, ENO, ESI, LPSC, and CCNO agree as follows:

(1) ENO will have the option to participate in up to a 30% share of the next LPSC-certified Amite South combined cycle gas turbine (“CCGT”) unit constructed or acquired (including by long-term PPA) by ELL and/or EGSL (“2020 Amite South Resource”). In connection with the Summer 2014 Request for Proposals for Supply Side Resources (“Summer

2014 RFP”), the Operating Committee selected the self-build proposal that was market-tested in the RFP, and ENO’s up to 30% allocation shall apply to this self-build project. Participation by ENO shall be in the form of a cost-based PPA. ENO’s participation in the Amite South CCGT resource is subject to mutually satisfactory resolution of all material considerations, including, without limitation: (a) financial feasibility for ENO; (b) affordability for ENO customers; (c) timely rate recovery; and (d) consistency with sound utility practice and planning principles; and (e) the provisions of paragraph II.D(6).

(2) At the appropriate time, consistent with the terms of this Settlement Agreement, ENO will submit to the CCNO an application, with appropriate supporting evidence, seeking CCNO approval of the PPA for the up to 30% share of this CCGT resource. CCNO reserves the authority to grant or deny such approval, and nothing in this Settlement Agreement shall be construed as CCNO pre-approval of the PPA.

(3) This Settlement Agreement shall not in any way be construed to restrict the standards that the LPSC applies to the certification of electric generating capacity resources proposed by Louisiana electric public utilities subject to its retail jurisdiction (that is, certification pursuant to the LPSC’s 1983 General Order, as amended, and the Market Based Mechanisms Order).

(4) This Settlement Agreement shall not obligate ELL to construct the resource being market tested in the Summer 2014 RFP nor shall this Settlement Agreement bind ELL to select any proposal submitted in response to that RFP.

(5) ENO will also have an option to acquire 10% of the capacity and energy of any and all future CCGT acquisitions made by ELL and/or EGSL within Amite South (as that region is presently defined). This option extends to all future CCGT acquisitions by ELL/EGSL within

Amite South (except the Amite South CCGT addressed in Section II.D(1) above), including new build resources, purchases from third parties, and long-term PPAs (10 years or greater in term). Such participation by ENO must be in the form of a mutually agreed upon cost-based PPA in which ENO is the purchaser and ELL and/or EGSL is the seller. This provision shall not in any way be construed to restrict the standards that the LPSC applies to the certification of electric generating capacity resources proposed by Louisiana electric public utilities subject to its retail jurisdiction (that is, certification pursuant to the LPSC's 1983 General Order, as amended, and the Market Based Mechanisms Order).

(6) Additionally, EGSL, ELL, ENO, ESI, LPSC, and CCNO agree to the following conditions applicable to this II.D:

- (a) ELL/EGSL will notify ENO of a pending CCGT in timely fashion, sufficient to give ENO sufficient time to make a participation decision.
- (b) ENO shall notify ELL/EGSL of its decision to participate in an Amite South CCGT as per section II.D(1) above, and any exercise by ENO of the option to participate in a CCGT provided in section II.D(5) above, as soon as possible and the notification must be provided in advance of the filing for LPSC certification of the new CCGT resource.
- (c) ENO will seek CCNO approval of any decision to participate in an Amite South CCGT as per section II.D(1) above, or to exercise the option to participate in a CCGT provided in section II.D(5) above. CCNO commits to complete its review of ENO's decision to participate or exercise the option, as applicable, within 90 days of the date of ENO's filing for CCNO approval. In order to support the 90-day review period, ENO

commits that it will brief, and provide supporting analytics to, the CCNO Advisors in advance of making the filing regarding the decision to participate or exercise the option.

- (d) LPSC commits that it will permit ELL's and/or EGSL's filing for certification of the Amite South CCGT addressed in Section II.D(1) or the applicable resource(s) that are subject to the option as provided for in Section II.D(5) to move forward in parallel with CCNO's review proceeding.
- (e) The options conferred by Sections II.D(1) and II.D(5) will extinguish fifteen (15) years after the date of the Settlement Agreement.
- (f) The options conferred by Sections II.D(1) and II.D(5) will extinguish if the following three conditions occur: (a) ENO acquires Power Block 1 of the Union Power Station ("UPS"); (b) ENO actually receives credit in MISO for the energy and capacity from the unit; and (c) UPS Power Block 1 has been granted full Network Resource Interconnection Service ("NRIS").
- (g) The options conferred by Sections II.D(1) and II.D(5) shall be limited to a total of 500 MWs, inclusive of ENO's participation in the 2020 Amite South Resource.
- (h) The options conferred by Sections II.D(1) and II.D(5) shall terminate if ENO is sold to a non-affiliated company, becomes bankrupt, defaults on its obligations to make payments pursuant to any purchase power agreements resulting from the exercise of the option, or is municipalized.

- (i) With respect to the sharing of risk between ENO, on the one hand, and ELL and EGSL, on the other, pursuant to Section II.D herein, any PPA shall be subject to the same risk sharing provisions contained in the Reimbursement Agreement between ENO and ELL that was executed in connection with the certification of the Ninemile 6 project.
- (j) Should either the LPSC or the CCNO provide rate support (e.g., cash earnings on Construction Work in Progress) for a unit subject to a PPA entered into pursuant to the exercise of an option conferred under this Settlement Agreement during the period of construction of the applicable generating unit, EGSL and/or ELL shall ensure that a proportionate share of such rate support is fully credited to the jurisdiction that provided such rate support in establishing the net book investment to be included in rates in that jurisdiction when the unit becomes operational.

**E. Agreements of Specified Parties with Respect to Certain Potential Future Generation in the City of New Orleans**

ENO and CCNO agree as follows:

- (1) ENO will use reasonable diligent efforts to pursue the development of at least 120 MW of new-build peaking generation capacity within the City of New Orleans. As part of this commitment, ENO will fully evaluate Michoud or Paterson, along with any other appropriate sites in the City of New Orleans, as the potential site for a combustion turbine (“CT”) or other peaking unit to be owned by ENO, or by a third party with an agreed-to PPA to ENO. This evaluation will take into consideration, among other material considerations, the results of the Michoud site analysis that was completed in connection with the Summer 2014 RFP.

(2) ENO commits to use diligent efforts to have at least one future generation facility located in the City of New Orleans.

(3) The commitments set forth in this Section II.E are subject to mutually satisfactory resolution of all material considerations, including, without limitation: (a) financial feasibility for ENO; (b) affordability for ENO customers; (c) economic feasibility in comparison to other potential projects, locations, or alternatives; (d) timely rate recovery; (e) regulatory jurisdiction over such facility(ies) to the extent not owned by ENO; and (f) consistency with sound utility practice and planning principles.

**F. Required Regulatory Approvals**

This Settlement Agreement is conditioned upon the timely receipt of all required regulatory approvals, including but not limited to:

- (1) FERC approval of this Settlement Agreement;
- (2) FERC approval of the establishment of a separate TPZ for ENO under the MISO Tariff;
- (3) FERC approval of the transmission payment arrangement among ENO, ELL, and EGSL in accordance with this Settlement Agreement;
- (4) FERC approval of the amendment to the JPZ Agreement for the current Entergy Louisiana transmission pricing zone;
- (5) Approval of the Settlement Agreement by the LPSC, CCNO, and PUCT; and
- (6) FERC acceptance or approval, or the effectiveness of the filings described in Sections II.A(2) and II.B(4) above.

**G. Other Agreements of All Settling Parties**

All Settling Parties agree as follows:



(1) The Settling Parties irrevocably waive and release any rights, claims, remedies, or causes of action they may have against any other Settling Party arising out of or relating to the System Agreement that are not filed and served upon the applicable parties as of the filing of the Settlement Agreement, including but not limited to any claims or causes of action that would seek to extend any System Agreement obligations beyond the System Agreement Termination Date; provided, however, that nothing herein shall bar any action or proceeding to enforce the terms of this Settlement Agreement.

(2) There shall be no post-withdrawal obligation to roughly equalize production costs for any cost incurred by any Operating Company after December 31, 2015. For the purpose of this provision, “cost incurred” means costs incurred for the production of electricity, not costs deferred from an earlier period that are subject to rough equalization in that earlier period. This Settlement Agreement shall have no effect on cost allocation disputes affecting costs incurred prior to January 1, 2016. The Entergy Operating Companies that are subject to rough production cost equalization (“RPCE”) shall complete any FERC approved “rough equalization” payments and receipts based on the 2015 test year, by the System Agreement Termination Date or upon issuance of a final FERC order establishing the amount and timing of such payments, whichever is later.

(3) The termination of the System Agreement in accordance with this Settlement Agreement does not alone constitute lawful or valid grounds to deny or approve recovery, in retail rates, of System Agreement-related costs incurred prior to termination of the System Agreement, or to deny or approve recognition in retail ratemaking of obligations that may arise from the operation of the System Agreement prior to its termination.

(4) LPSC and CCNO agree to dismiss the following proceedings pending before the CCNO and LPSC relating to the System Agreement and TPZ issues: LPSC Docket No. U-29764 (upon the termination of the System Agreement); CCNO Docket Nos. UD-13-03 and UD-13-04.

(5) To the extent the terms of this Settlement Agreement differ from or are otherwise inconsistent with the terms or conditions of the applicable MISO change of control orders for the LPSC or CCNO, those Parties hereby waive and release any action or cause of action for non-compliance with such terms or conditions.

(6) On and after the System Agreement Termination Date, the MISO Tariff and any FERC-filed agreements relating thereto shall control the allocation of MISO costs to and among the Entergy Operating Companies as market participants in MISO. This Settlement Agreement will have no effect on disputes concerning the justness and reasonableness of reallocations through the System Agreement of MISO costs occurring prior to the System Agreement Termination Date.

(7) The Entergy Operating Companies that are parties to this Settlement Agreement shall provide a complete report to their respective retail regulators regarding costs that previously would have been billed through the System Agreement that the Operating Companies will seek to bill through other allocation and billing mechanisms. The Companies will provide the estimated amount of these costs, based on actual costs incurred in 2015, on or before June 30, 2016. The Companies will also provide the method by which they will seek to allocate and bill such costs post-termination of the System Agreement. Nothing herein shall modify the respective jurisdictions of the FERC and the retail regulators pursuant to the Federal Power Act and the Energy Policy Act of 2005, or any other applicable federal law, nor shall anything in this

Settlement Agreement be construed as modifying or waiving applicable law(s) or regulation(s) concerning the establishment of retail rates.

(8) EGSL, ELL, ENO and ETI shall inform their respective retail regulators of the individual Company operational and planning infrastructure that is established for each Company that would become effective on the System Agreement Termination Date. Each Company shall identify the person or persons whom it expects to be primarily active in and responsible for operational/planning decisionmaking for each Operating Company after termination of the System Agreement, and a description of the organization, if any, that an Operating Company may put in place to support supply resource planning for that Operating Company by March 31, 2016. Each Company shall make its identified individual(s) available to representatives of the retail regulators.

(9) Prior to the System Agreement Termination Date, each Operating Company shall provide an indicative estimate detailing its costs associated with individual Operating Company operational and planning activities.

(10) The costs of transition to a post-System Agreement environment incurred by an individual Operating Company will not be allocated among the Operating Companies, but will be the responsibility of that Operating Company. Transition costs incurred by ESI on behalf of the Operating Companies participating in the System Agreement at the time the costs are incurred shall be allocated among those Operating Companies pursuant to the terms of the ESI Services Agreement.

(11) Nothing in this Settlement Agreement resolves any principle or establishes any precedent or settled practice.

(12) Nothing in this Settlement Agreement constitutes an admission by any Settling Party of the correctness or applicability of any claim, defense, rule, or interpretation of law, allegation of fact, principle, or method of ratemaking or cost-of-service determination. This Settlement Agreement is made upon the explicit understanding that it constitutes a negotiated agreement with respect to the rates, terms, and conditions at issue in these proceedings. Except as explicitly set forth herein, the Settling Parties shall not be considered as necessarily agreeing with or conceding the applicability of any principle, or any method of ratemaking or cost-of-service determination, or design or rate schedule, or terms and conditions of service, or the application of any rule or interpretation of law that may underlie, or be thought to underlie, this Settlement Agreement. In any future negotiation or proceedings whatsoever (other than any proceeding involving the honoring, enforcement, or construction of this Settlement Agreement or the future application of the terms and conditions hereof, as applicable as set forth herein), the Parties shall not be bound or prejudiced by this Settlement Agreement.

(13) This Settlement Agreement is expressly contingent on the following: (i) all Parties to this Settlement Agreement shall cooperate in seeking its acceptance and approval by the FERC; (ii) no Settling Party shall seek additional terms and conditions for this Settlement Agreement beyond those contained herein; (iii) approval of the Settlement Agreement by the PUCT, LPSC, and CCNO without modification, unless such modification(s) are agreed to by the Settling Parties; (iv) approval of the Settlement Agreement by the FERC without modification, unless such modification(s) as the FERC may require are agreed to by the Settling Parties; and (v) approval by the FERC of the filings identified in Section II.A(2) that are submitted for FERC's approval without modification, unless such modification(s) as the FERC may require are agreed to by the Settling Parties. If any of these contingencies is not fulfilled, then: (i) this

Settlement Agreement shall not be binding on any Settling Party; (ii) the Settling Parties shall not be obliged to negotiate further, other than to discuss in good faith whether the FERC's required modification(s) are acceptable to them; (iii) all Settling Parties shall in that event be deemed to have reserved all their respective rights and remedies with respect to the issues in these proceedings; and (iv) this Settlement Agreement shall not be part of the record in such proceedings, and all discussions and negotiations thereon shall be privileged.

(14) This Settlement Agreement may only be amended by the agreement in writing of all the Settling Parties hereto. The standard of review for any modifications to this Settlement Agreement by Settling Parties shall be the public interest standard. The standard of review for any modifications to this Settlement Agreement by non-Settling Parties, including any modifications resulting from FERC acting *sua sponte*, will be the just and reasonable standard of review.

(15) If any regulatory approval of this Settlement Agreement conditions such approval upon a material modification of the terms hereof, then this Settlement Agreement shall be null and void, unless the Settling Parties, within 30 days of issuance of the FERC and/or retail regulator order (subject to extension by mutual agreement of all the Settling Parties) either: (i) unanimously accept the FERC's and/or retail regulator's modifications and conditions; or (ii) unanimously agree to modify the Settlement Agreement to address or obviate the FERC's and or retail regulator's concerns. Such unanimous acceptance or agreement pursuant to (i) or (ii) shall be filed in writing with the FERC within 5 business days of the Settling Parties' acceptance or agreement.

Dated: August 14, 2015

## **Attachment 1**

### **JSP PPAs**

1. Docket No. ER03-753 – Service Schedule MSS-4 Agreement by and between ETI (Seller) and EGSL (Buyer) for Lewis Creek and Sabine Station (effective January 1, 2008);
2. Docket No. ER03-753 – Service Schedule MSS-4 Agreement by and between EGSL (Seller) and ETI (Buyer) for Louisiana Station, Willow Glen and Nelson #3 and #4 (effective January 1, 2008).

### **Calcasieu PPA**

Docket No. ER03-753 – Service Schedule MSS-4 Agreement by and between EGSL (Seller) and ETI (Buyer) for Calcasieu Generating Facility (effective April 1, 2008).

## **Attachment 2\***

### **Surviving MSS-4 PPAs**

1. Docket No. ER03-753 – Existing Service Schedule MSS-4 Agreement by and between EGSL (Seller) and ETI (Buyer) for the Perryville Generating Facility (effective January 1, 2008);
2. Docket No. ER03-753 – Existing Service Schedule MSS-4 Agreement by and between ELL (Seller) and EGSL (Buyer) for the Perryville Generating Facility (effective July 1, 2005)\*\*;
3. Docket No. ER03-753 – Existing Service Schedule MSS-4 Agreement between ETI (Seller) and EGSL (Buyer) for the Carville Energy Center (effective June 1, 2012);
4. Docket No. ER11-2562 – Existing Service Schedule MSS-4 Agreement by and between EGSL (Seller) and ETI (Buyer) for Riverbend 70 (effective January 1, 2008);
5. Docket No. ER03-583 – Existing Service Schedule MSS-4 Agreement between EGSL (Seller) and ELL (Buyer) for Riverbend 30 (effective January 1, 2008)\*\*;
6. Docket No. ER03-583 – Existing Service Schedule MSS-4 Agreement between EGSL (Seller) and ENO (Buyer) for Riverbend 30 (effective January 1, 2008);
7. Docket No. ER15-836-000 – Existing Service Schedule MSS-4 Agreement between ELL (Seller) and ENO (Buyer) for the Ninemile Point Electric Generating Station (effective December 24, 2014)
8. Docket No. ER15-836-000 – Existing Service Schedule MSS-4 Agreement between ELL (Seller) and EGSL (Buyer) for the Ninemile Point Electric Generating Station (effective December 24, 2014)\*\*; and
9. Docket No. ER03-753 – Existing Service Schedule MSS-4 Agreement by and between ELL (Seller) and EGSL (Buyer) for the Acadia Facility (effective January 14, 2013)\*\*.

\* The Settling Parties dispute the application of the ROE that will apply to replacement MSS-4 contracts, and the form revised contract included in Attachment 3 is not intended to take a position on that issue. It is included for informational purposes only.

\*\* If the business combination occurs prior to the System Agreement Termination Date, item numbers 2, 5, 8 and 9 shall terminate and no amendment shall be required.

**Attachment 3**

**FORM OF REVISIONS TO REMAINING PPAs\***

\* The Settling Parties dispute the application of the ROE that will apply to replacement MSS-4 contracts, and this form revised contract is not intended to take a position on that issue. It is included for informational purposes only.



## **AGREEMENT**

This Agreement is dated as of June 1, 2012 between Entergy Texas, Inc. (“ETI” or “Seller”) and Entergy Gulf States Louisiana, L.L.C. (“EGSL” or “Buyer,” and together with Seller, each a “Party” and collectively the “Parties”).

WHEREAS, Entergy Services, Inc., as agent for ETI, has entered into a power purchase agreement with Calpine Energy Services, L.P. for purchase by ETI of up to 485 megawatts (“MW”) of capacity and energy from the Carville Energy Center located in St. Gabriel, Louisiana (the “Carville Facility”) for a term of ten years, which, subject to the satisfaction of certain conditions precedent, is scheduled to commence on June 1, 2012 (the “Carville Contract”); and

WHEREAS, ETI desires to sell to EGSL, and EGSL desires to purchase from ETI, a portion of the capacity and associated energy purchased by ETI under the Carville Contract on the terms set forth herein (“Designated Power Purchase”); and

WHEREAS, the agreement among Entergy Arkansas, Inc., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc. and Entergy Services, Inc. (hereinafter referred to as the “System Agreement”) was filed with the FERC on April 30, 1982, and became effective on January 1, 1983, and amended to incorporate Entergy Gulf States, Inc., the predecessor in interest to EGSL and ETI, in 1993; and

WHEREAS, by Order dated July 20, 2007, the FERC approved the addition of EGSL and ETI as parties to the System Agreement; and

WHEREAS, pursuant to a Settlement Agreement approved by FERC in Docket Nos. ER14-75, et al., on [date], the Entergy System Agreement will terminate effective August 31, 2016 at 11:59:59 PM Central Daylight Time; and

**Deleted:** the System Agreement contains a Service Schedule MSS-4 (as modified from time to time, “Service Schedule MSS-4”) that provides the basis for making a power purchase and sale between the companies that are participants in the System Agreement

WHEREAS, the Parties previously executed this Agreement to provide for the  
Designated Power Purchase pursuant to the terms and conditions of System Agreement Service  
Schedule MSS-4; and

Deleted: wish to

Deleted: Service ScheduleMMS-4

WHEREAS, upon termination of the System Agreement, the Parties intend to apply the  
terms and conditions of the Unit Power Sales and Designated Power Purchases Tariff accepted  
by FERC in Docket No. ER13-1508 (“Sales and Purchases Tariff”), which is designed to  
replicate System Agreement Service Schedule MSS-4 as the umbrella tariff for this Agreement;  
and

WHEREAS, the Entergy Operating Committee has considered and approved the terms of  
this Agreement;

THEREFORE, the Parties agree as follows:

1. Designated Power Purchase. Subject to the other terms of this Agreement and the  
Sales and Purchases Tariff, ETI and EGSL hereby agree to the sale by ETI and purchase by  
EGSL of capacity and energy from the Carville Contract, as described herein, as the Designated  
Power Purchase on the terms set forth in subparagraphs A through F below.

Deleted: and the System Agreement

A. Term. The Designated Power Purchase hereunder shall become effective on  
the later of (i) the “Delivery Term Commencement Date” (as defined in the  
Carville Contract) or (ii) the first day of the month following the day on which  
the Designated Power Purchase Conditions Precedent (as defined below) are  
satisfied, and shall continue thereafter for the remainder of the term of the  
Carville Contract.

B. Designated Power Purchase. ETI agrees to sell and EGSL agrees to purchase a one-half (1/2) share of all capacity and associated energy provided by the Carville Energy Center under the terms of the Carville Contract.

C. Pricing. The pricing of the capacity and energy to be sold and purchased pursuant to the Designated Power Purchase shall be as specified in the Sales and Purchases Tariff.

**Deleted:** Service Schedule MSS-4 of the System Agreement

D. Energy Entitlement. EGSL is entitled to receive on an hourly basis one-half (1/2) of the energy delivered to ETI pursuant to the Carville Contract.

E. Termination. Neither Party shall have the right to terminate the Designated Power Purchase and sale required by this Agreement without the express written consent of the other Party.

F. Designated Power Purchase Conditions Precedent. The effectiveness of the Designated Power Purchase shall be subject to (i) EGSL receiving all regulatory approvals associated with the Designated Power Purchase on terms deemed satisfactory to EGSL in its sole and absolute discretion and (ii) the condition that all Required Buyer Governmental Approvals (as defined in the Carville Contract) shall have been obtained, shall not have been granted or issued subject to any terms or conditions unsatisfactory to ETI in its sole and absolute discretion, and shall be final and not subject to appeal or otherwise subject to challenge.

2. Notices. Unless specifically stated otherwise herein, any notice to be given hereunder shall be sent by Registered Mail, postage prepaid, to the Party to be notified at the address set forth below, and shall be deemed given when so mailed.

To ETI: Entergy Texas, Inc.  
350 Pine Street  
Beaumont, TX 77701  
ATTN: Chief Executive Officer

To EGSL: Entergy Gulf States Louisiana, L.L.C.  
446 North Blvd.  
Baton Rouge, LA 70802  
ATTN: Chief Executive Officer

3. Nonwaiver. The failure of either Party to insist upon or enforce, in any instance, strict performance by the other of any of the terms of this Agreement or to exercise any rights herein conferred shall not be considered as a waiver or relinquishment to any extent of its rights to assert or rely upon any such terms on any future occasion.

4. Amendments. No waiver, alteration, amendment or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by a duly authorized representation of both Parties.

5. Entire Agreement. This Agreement, which is entered into in accordance with the authority of the Sales and Purchases Tariff, constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all previous and collateral agreements or understandings with respect to the subject matter hereof.

6. Severability. It is agreed that if any clause or provision of this Agreement is held by the courts or other legal authority with jurisdiction to be illegal or void, the validity of the remaining portions and provisions of the Agreement shall not be affected, and the rights and obligations of the Parties shall be enforced as if the Agreement did not contain such illegal or void clauses or provisions.

**Deleted:** <#>Potential Changes. EGSL and ETI recognize that in the future it is possible that the System Agreement, including Service Schedule MSS-4, could be terminated. In such a case, EGSL and ETI agree that they will use reasonable best efforts to develop and implement a substitute successor PPA, if needed, to permit EGSL to continue to receive its 50 percent share of the Carville capacity and energy for the full ten-year term of that contract on substantially the same terms, to the extent possible, as the current ETI MSS-4 PPA.¶

**Deleted:** Service Schedule MSS-4 of the System Agreement

WITNESS OUR SIGNATURES as of the date first listed above.

ENTERGY TEXAS, INC.

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

ENTERGY GULF STATES LOUISIANA, L.L.C.

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

Entergy Arkansas, Inc.	)	Docket Nos. ER14-75-000
	)	ER14-75-001
	)	
Entergy Gulf States Louisiana, L.L.C.	)	ER14-76-000
	)	ER14-76-001
	)	
Entergy Louisiana, LLC	)	ER14-77-000
	)	ER14-77-001
	)	
Entergy Mississippi, Inc.	)	ER14-78-000
	)	ER14-78-001
	)	
Entergy New Orleans, Inc.	)	ER14-79-000
	)	ER14-79-001
	)	
Entergy Texas, Inc.	)	ER14-80-000
	)	ER14-80-001
	)	(Consolidated)
	)	
Entergy Texas, Inc.	)	ER14-128-000
	)	
Entergy Louisiana, LLC	)	ER14-1328-000
	)	
Entergy Gulf States Louisiana, L.L.C.	)	ER14-1329-000

**EXPLANATORY STATEMENT IN SUPPORT OF SETTLEMENT AGREEMENT**

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (the “Commission”), 18 C.F.R. § 385.602 (2015), Entergy Services, Inc. (“ESI”), as agent for the Entergy Operating Companies,<sup>1</sup> hereby submits this Explanatory

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<sup>1</sup> The Entergy Operating Companies that are participating in this Settlement are: Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy New Orleans, Inc. and Entergy Texas, Inc.

Statement in support of the concurrently-filed Settlement Agreement that resolves all outstanding issues among Settling Parties<sup>2</sup> in the above-captioned proceedings.

## **I. INTRODUCTION**

On October 11, 2013, pursuant to section 205 of the Federal Power Act (“FPA”),<sup>3</sup> ESI, as agent and on behalf of the Entergy Operating Companies, submitted a proposed amendment to revise section 1.01 of the Entergy System Agreement (“System Agreement”)<sup>4</sup> by changing the notice period for an Operating Company to terminate its participation in the System Agreement from 96 months (8 years) to 60 months (5 years) (“Notice Filing”). ESI requested an effective date of October 12, 2013 for the Notice Filing. The Notice Filing was originally submitted in Docket Nos. ER14-75-000, ER14-76-000, ER14-77-000, ER14-78-000, ER14-79-000, and ER14-80-000.

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<sup>2</sup> ESI is authorized to represent that the following parties collectively and individually support this Settlement Agreement as in the public interest, and are “Settling Parties”: Entergy Texas, Inc. (“ETI”), Entergy Louisiana, LLC (“ELL”), Entergy Gulf States Louisiana, L.L.C. (“EGSL”), Entergy New Orleans, Inc. (“ENO”) (ETI, ELL, EGSL, and ENO are also referred to herein as the “Entergy Operating Companies” or the “Operating Companies”), and ESI. ELL and EGSL are presently pursuing a transaction to combine their respective assets and liabilities into one consolidated utility operating company. It is currently expected that this transaction may be closed during the period of performance of this Settlement Agreement. It is understood by the Settling Parties that references to ELL and/or EGSL in the Settlement Agreement should be construed to encompass the eventual combined entity as appropriate.

The Louisiana Public Service Commission (“LPSC”), the Council for the City of New Orleans (“CCNO”) and the Public Utility Commission of Texas (“PUCT”) actively participated in settlement negotiations and are included as Settling Parties, but cannot vote on approval of the Settlement Agreement until certain procedures before them, including further approvals, have been completed. The Staffs and outside counsel for the LPSC, CCNO, and PUCT have negotiated this Settlement Agreement, but are not authorized to bind such entities. This filing is being made so that each entity may initiate such proceedings as are necessary to allow each to duly consider and act on the Settlement Agreement without being constrained by the confidentiality applicable to ongoing settlement negotiations. The statement of LPSC’s, CCNO’s, and PUCT’s support for the Settlement Agreement, and references to each of these entities as a Settling Party, is thus conditioned on each of these entities voting to approve the Settlement Agreement. By October 31, 2015, counsel for LPSC, CCNO, and PUCT each agree to provide the Commission with a report regarding the final status of whether the LPSC, CCNO, and the PUCT have approved the Settlement Agreement, and if not, the status and anticipated timing to complete such approval process.

<sup>3</sup> 16 U.S.C. § 824d.

<sup>4</sup> The System Agreement is a FERC-approved rate schedule filed with and subject to the exclusive jurisdiction of the Commission. The System Agreement allocates among the participating Entergy Operating Companies the benefits and costs of coordinated operations of those Entergy Operating Companies’ generation and bulk transmission facilities. The System Agreement is administered by the Operating Committee, which is comprised of the presidents of the Operating Companies and a representative from Entergy Corporation.

On October 18, 2013, pursuant to FPA section 205, ETI filed in Docket No. ER14-128-000 a notice to withdraw from the System Agreement with a requested effective date of October 18, 2018, or an effective date consistent with the Commission's ruling on the Notice Filing. On February 14, 2014, ELL and EGSL filed in Docket Nos. ER14-1328-000 and ER14-1329-000 notices to withdraw from the System Agreement, with a requested effective date of February 14, 2019, or an effective date consistent with the ruling in the Notice Filing. These notices to withdraw are referred to as the "Withdrawal Filings."

Comments and interventions in the Notice Filing dockets were due on or before November 12, 2013. Timely interventions and protests were filed by the PUCT, CCNO, and LPSC. PUCT supported a shortened notice requirement, as requested by the Notice Filing, but argued that sixty months would still be too long. CCNO and LPSC argued that the proposed sixty-month notice period was not adequately supported. CCNO asked the Commission to either reject the Notice Filing or to set it for hearing. LPSC sought a hearing to address the reasonableness of the System Agreement in the MISO environment, among other issues, and sought consolidation of the Notice Filing dockets with ETI's Withdrawal Filing. The Arkansas Public Service Commission ("APSC") and the Mississippi Public Service Commission filed late interventions. On November 26, 2013, ESI filed a motion for leave to answer and answer to the State Commissions' protests. On December 9, 2013, PUCT filed a motion for leave to answer and answer to ESI's November 26 answer. On December 11, 2013, CCNO filed a motion for leave to respond and response to ESI's November 26 answer. On April 1, 2014, CCNO filed a motion for leave to file supplemental response and renewed motion for hearing.

Comments and interventions addressing ETI's Withdrawal Filing were due on November 8, 2013. Each of the active State Commissions filed timely interventions and comments. PUCT



supported ETI's Withdrawal Filing. CCNO and LPSC protested ETI's Withdrawal Filing. LPSC sought to consolidate ETI's Withdrawal Filing with the Notice Filing and two other dockets (Docket Nos. ER13-432-000 and ER14-73-000). The APSC filed a late conditional intervention and objected to the LPSC's request to consolidate the ETI Withdrawal Filing with Docket Nos. ER13-432-000 and ER14-73-000. On November 25, 2013, ETI filed a motion for leave to answer and answer to CCNO and LPSC's protests.

Comments and interventions addressing ELL's and EGSL's Withdrawal Filings were due on March 7, 2014. CCNO filed a timely intervention and comments, seeking either acceptance of ELL's and EGSL's Withdrawal Filings with an effective date of ninety-six months or consolidation of ELL's and EGSL's Withdrawal Filings with the Notice Filing dockets and ETI's Withdrawal Filing. On March 24, 2014, ELL and EGSL filed an answer to CCNO's comments. On April 1, 2014, CCNO filed a motion for leave to answer and answer to ELL's and EGSL's answer.

On December 18, 2014, the Commission issued an order (1) accepting the Notice Filing, effective October 12, 2013, subject to refund, (2) establishing hearing and settlement judge procedures, and (3) consolidating the Notice Filing proceedings for the purpose of settlement, hearing and decision. *Entergy Arkansas, Inc.*, 149 FERC ¶ 61,262 at P 1 (2014). The Commission also (4) "conditionally accept[ed] the Withdrawal Filings, to be effective on the dates requested in the respective filings, subject to the outcome of the Notice Filing proceedings." *Id.*

On January 5, 2015, the Chief Administrative Law Judge appointed the Honorable John P. Dring to serve as Settlement Judge in the proceeding. The parties and the Commission's Trial Staff participated in a formal settlement discussion with Judge Dring on January 22, 2015, April

2, 2015, June 3, 2015, and July 9, 2015. Following the July 9, 2015 Settlement Conference, representatives of the Settling Parties reached agreement on a settlement in principle, subject to the final approval of the LPSC, CCNO, and PUCT. The terms of that settlement in principle are detailed below.

## **II. TERMS OF THE SETTLEMENT**

Although provisions of the Settlement Agreement control, essential terms of the Settlement Agreement are summarized below:

In Section II.A, the Settling Parties agree that the System Agreement will terminate on August 31, 2016 at 11:59:59 PM Central Daylight Time (the “System Agreement Termination Date”); the Settling Parties agree to make and support additional regulatory filings, and to execute any further agreements that are reasonably necessary to effectuate the Settlement Agreement.

In Section II.B, ETI, EGSL, PUCT, and LPSC agree that certain cross-power purchase agreements (“PPAs”) between ETI and EGSL, as set forth specifically in Attachment 1 to the Settlement Agreement, will be terminated on the date of the System Agreement’s termination. ETI, EGSL, PUCT, and LPSC further agree to release all claims regarding the termination of the specified PPAs.

In Section II.C, EGSL, ELL, ENO, LPSC, and CCNO agree that a separate transmission pricing zone (“TPZ”) shall be established for ENO, to be effective upon the date of the System Agreement’s termination, and ENO will no longer be a part of the joint Louisiana TPZ or the Joint Pricing Zone Agreement currently in effect between EGSL, ELL, and ENO for the joint Louisiana TPZ. Pursuant to this Section, ENO will also pay a settlement payment to ELL/EGSL in 180 monthly installments of \$183,333.33 per month.

In Section II.D, EGSL, ELL, ENO, ESI, LPSC, and CCNO agree that ENO will have two different types of options to purchase limited shares of certain specified ELL and/or EGSL future resources. Section II.D also describes the conditions on ENO's exercise of the options, including a fifteen-year limit on the availability of the options, and a 500 MW cap on the total amount of capacity that ENO may procure under the options.

In Section II.E, ENO and CCNO agree that ENO will commit to use reasonable, diligent efforts to pursue the development of at least 120 MW of new-build peaking generation capacity within the City of New Orleans, and that ENO will commit to use diligent efforts to have at least one future generation facility located in the City of New Orleans. As a condition to these commitments by ENO, both ENO and CCNO agree to mutually satisfactory resolution of all material considerations.

In Section II.F, all Settling Parties agree to certain regulatory approvals as conditions on the Settlement.

In Section II.G, all Settling Parties agree to various procedural aspects of the Settlement including rights reserved under the Settlement, the scope of the settlement, waiver and amendment under the Settlement, and approval and effectiveness of the Settlement. Specifically, Section II.G(14) provides that the just and reasonable standard applies to the Settlement for non-Settling Parties, and the public interest standard applies to Settling Parties to the Settlement.

### **III. RESPONSES TO STANDARD SETTLEMENT QUESTIONS**

By order dated October 23, 2003, the Chief Administrative Law Judge requires that five questions be answered as part of every Explanatory Statement submitted in support of a proposed settlement agreement. The questions, and specific responses applicable to the Settlement Agreement, are as follows.

**A. What are the issues underlying the settlement and what are the major implications?**

The issues underlying the Settlement Agreement are related to the termination of the System Agreement. The Parties agree that the Settlement Agreement resolves all issues relating to the Notice Filing and the Withdrawal Filings in Docket Nos. ER14-75-000, ER14-75-001, ER14-76-000, ER14-76-001, ER14-77-000, ER14-77-001, ER14-78-000, ER14-78-001, ER14-79-000, ER14-79-001, ER14-80-000, ER14-80-001, ER14-128-000, ER14-1328-000, and ER14-1329.

**B. Do any of the issues raise policy implications?**

The Parties believe that none of the issues settled in this proceeding raises policy implications or requires the Commission to re-examine or change any existing policy or procedure.

**C. Could other pending cases be affected by the settlement agreement?**

No, the Settlement Agreement will not affect other pending cases.

**D. Does the settlement involve issues of first impression, or are there any previous reversals on the issues involved?**

The Settlement Agreement does not involve issues of first impression, nor are there any previous reversals on the issues underlying the Settlement Agreement.

**E. Is the Settlement Agreement subject to the just and reasonable standard or the *Mobile-Sierra* standard?**

The standard of review for any modifications to this Settlement Agreement by Settling Parties shall be the public interest standard. With respect to the Settlement Agreement, the standard of review for any modifications by non-Settling Parties, including any modifications resulting from the Commission acting *sua sponte*, will be the just and reasonable standard of review.

#### IV. CONCLUSION

As discussed above and in the Settlement Agreement, ESI believes that the Settlement Agreement resolves all issues in the instant proceedings and urges the Commission to accept the Settlement Agreement without condition or modification.

Respectfully Submitted,

/s/

Karis Anne Gong Parnham  
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*Attorney for Entergy Services, Inc.*

Dated: August 14, 2015

DRAFT

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

\_\_\_\_\_, 2015

In Reply Refer To:

Docket Nos. ER14-75-000, ER14-75-001, ER14-76-000, ER14-76-001, ER14-77-000, ER14-77-001, ER14-78-000, ER14-78-001, ER14-79-000, ER14-79-001, ER14-80-000, ER14-80-001, ER14-128-000, ER14-1328-000, and ER14-1329

Entergy Services, Inc.  
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101 Constitution Ave., NW  
Suite 200 East  
Washington, D.C. 20001

Re: *Entergy Arkansas, Inc., et al.* – Docket Nos. ER14-75-000, ER14-75-001, ER14-76-000, ER14-76-001, ER14-77-000, ER14-77-001, ER14-78-000, ER14-78-001, ER14-79-000, ER14-79-001, ER14-80-000, ER14-80-001, ER14-128-000, ER14-1328-000, and ER14-1329

Dear Ms. Parnham:

On August 14, 2015, on behalf of Entergy Services, Inc. (“Entergy Services”), you filed in the above-referenced dockets a Settlement Agreement relating to the termination of the Entergy System Agreement. You also submitted an Explanatory Statement concerning the Settlement Agreement.

Comments in support of the Settlement Agreement were filed by [INSERT]. On [INSERT], the presiding administrative law judge certified the settlement to the Federal Energy Regulatory Commission as uncontested.

The subject settlement is in the public interest and is hereby approved. The Commission’s approval of the Settlement Agreement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding. The Commission retains the right to investigate the rates, terms, and conditions under the just and reasonable and not unduly discriminatory or preferential standard of Section 206 of the Federal Power Act, 16 U.S.C. § 824e. Any modifications to the Settlement Agreement by the Settling Parties shall be subject to the public interest standard of review. Any modifications to the Settlement Agreement by the Commission

acting *sua sponte* or by third parties shall be subject to the just and reasonable standard of review.

By direction of the Commission.

Secretary

cc: All Parties

**EXHIBIT A**

***Pro Forma* Redline Entergy System Agreement Section 1.01**



## **REDLINE VERSION OF SECTION 1.01**

1.01 This agreement shall become effective on August 1, 1982, or such later date as may be fixed by any requisite regulatory approval or acceptance for filing and shall continue in full force and effect until terminated by mutual agreement of the Companies. Notwithstanding this, any Company may terminate its participation in this Agreement by ninety-six (96) months written notice to the other companies hereto; and effective upon and after the date of implementation of retail open access in Texas, ETI shall terminate its participation in this Agreement, except as to Service Schedule MSS-2 (Transmission Equalization), consistent with Section 2.02 below. **This agreement shall terminate effective August 31, 2016 at 12:59:59 PM Central Daylight Time.**

**EXHIBIT B**

***Pro Forma* Clean Energy System Agreement Section 1.01**

## **CLEAN VERSION OF SECTION 1.01**

1.01 This agreement shall become effective on August 1, 1982, or such later date as may be fixed by any requisite regulatory approval or acceptance for filing and shall continue in full force and effect until terminated by mutual agreement of the Companies. Notwithstanding this, any Company may terminate its participation in this Agreement by ninety-six (96) months written notice to the other companies hereto; and effective upon and after the date of implementation of retail open access in Texas, ETI shall terminate its participation in this Agreement, except as to Service Schedule MSS-2 (Transmission Equalization), consistent with Section 2.02 below. This agreement shall terminate effective August 31, 2016 at 12:59:59 PM Central Daylight Time.

**EXHIBIT C**

**Form of Amended Notice of Termination of ETI**

[Date]

Mr. Philip R. May  
President and CEO, Entergy Louisiana, LLC  
President and CEO, Entergy Gulf States Louisiana, L.L.C.  
4809 Jefferson Highway  
Jefferson, LA 70121

Charles Rice  
President and CEO, Entergy New Orleans, Inc.  
1600 Perdido Street, Building 505  
New Orleans, LA 70012

**RE: Amended Notice of Entergy Texas, Inc. of Entergy System Agreement  
Termination**

Dear Colleagues:

On October 18, 2013, pursuant to the Public Utility Commission of Texas's Final Order entered in Docket No. 40346 on October 26, 2012, Entergy Texas, Inc. ("ETI") provided its notice to exit the Entergy System Agreement by September 1, 2016 unless otherwise ordered by the Public Utility Commission of Texas.

On [insert], 2015, FERC approved a Settlement Agreement that amended the System Agreement. Pursuant to the Settlement Agreement, Section 1.01 of the System Agreement now provides that it will terminate effective August 31, 2016 at 11:59:59 PM Central Daylight Time. The Settlement Agreement further provides that the Settling Parties, including ETI, shall make filings that are necessary to effectuate the purposes of the Agreement including this amended notice of termination.

Therefore, pursuant to the Settlement Agreement and the amended System Agreement, ETI hereby provides amended written notice that it will terminate its participation in the System Agreement. ETI's exit from the System Agreement will be effective August 31, 2016 at 11:59:59 Central Daylight Time. This notice supersedes the prior notice of termination issued October 18, 2013.

Sincerely,

Sallie T. Rainer

**EXHIBIT D**

**Form of Amended Notice of Termination of ELL/EGSL**

[Date]

Ms. Sallie T. Rainer  
President and CEO, Entergy Texas, Inc.  
9425 Pinecroft  
The Woodlands, TX 77380

Mr. Charles Rice, Jr.  
President and CEO, Entergy New Orleans, Inc.  
1600 Perdido Street, Building 505  
New Orleans, LA 70112

**RE: Amended Notice of Entergy Louisiana, LLC and Entergy Gulf States  
Louisiana, L.L.C., of Entergy System Agreement Termination**

Dear Colleagues:

On February 14, 2014, Entergy Louisiana, LLC (“ELL”) and Entergy Gulf States Louisiana, L.L.C. (“EGSL”) (collectively, the “Companies”) provided notice to exit the Entergy System Agreement by October 12, 2013.

On [insert], 2015, FERC approved a Settlement Agreement that amended the System Agreement. Pursuant to the Settlement Agreement, Section 1.01 of the System Agreement now provides that it will terminate effective August 31, 2016 at 11:59:59 PM Central Daylight Time. The Settlement Agreement further provides that the Settling Parties, including ELL and EGSL, shall make filings that are necessary to effectuate the purposes of the Agreement including this amended notice of termination.

Therefore, pursuant to the Settlement Agreement and the amended System Agreement, the Companies hereby provide amended written notice that they will terminate their participation in the System Agreement. The Companies’ exit from the System Agreement will be effective August 31, 2016 at 11:59:59 Central Daylight Time. This notice supersedes the prior notice of termination issued February 14, 2014.

Sincerely,

Philip R. May

**EXHIBIT E**

**Form of Second Amended Joint Pricing Zone Revenue Allocation Agreement**



**SECOND AMENDED JOINT PRICING ZONE REVENUE ALLOCATION  
AGREEMENT AMONG ENTERGY GULF STATES LOUISIANA, L.L.C. AND  
ENTERGY LOUISIANA, LLC**

This Second Amended Joint Pricing Zone Revenue Allocation Agreement, including all appendices and other attachments hereto ("Second Amended Agreement"), is made and entered into as of [insert], by and among Entergy Gulf States Louisiana, L.L.C. ("EGSL"), a limited liability company organized under Louisiana law and Entergy Louisiana, LLC ("ELL"), a limited liability company organized under Texas law. EGSL and ELL are sometimes referred to in this Agreement in the singular as "Party" and in the collective as "Parties."

**RECITALS**

WHEREAS, on December 13, 2012, the Board of Directors of the Midcontinent Independent System Operator, Inc. ("MISO") approved EGSL's and ELL's application to integrate into MISO as Transmission Owners; and

WHEREAS, the Parties completed integration with MISO on December 19, 2013; and

WHEREAS, the Parties jointly participate in a single transmission pricing zone; and

WHEREAS, the revenue requirements for the Parties' transmission facilities are included in the rates for the Louisiana Zone under the Tariff; and

WHEREAS, MISO collects revenues for a transmission pricing zone and remits those revenues to a single Transmission Owner regardless of the number of Transmission Owners within that transmission pricing zone; and

WHEREAS, for the Louisiana Zone, MISO will distribute those revenues to ELL as the Designee; and

WHEREAS, the Parties are parties to the Joint Pricing Zone Revenue Allocation Agreement ("Agreement") dated October 14, 2013; and

WHEREAS, the Parties desired in the Amended Agreement, executed May 12, 2014, to amend the Agreement to further establish the allocation of those revenues between or among the Parties and related rights and obligations; and

WHEREAS, on { }, the Parties, Entergy New Orleans, Inc. ("ENOI"), and Entergy Texas, Inc. entered into a Settlement Agreement ("Settlement Agreement") to resolve all disputes associated Federal Energy Regulatory Commission ("FERC") Docket Nos. ER14-75-000, ER14-75-001, ER14-76-000, ER14-76-001, ER14-77-000, ER14-77-001, ER14-78-000, ER14-78-001, ER14-79-000, ER14-79-001, ER14-80-000, ER14-80-001, ER14-128-000, ER14-1328-000, and ER14-1329; and

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**Comment [A1]:** The Second Amended Agreement will be executed as of the effective date of the separate Transmission Pricing Zone for Entergy New Orleans

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WHEREAS, as part of that Settlement Agreement, the Parties have agreed that a separate transmission pricing zone shall be established for ENOI under the MISO Tariff.

WHEREAS, ENOI was previously a Party to the original version of the Agreement and the Amended Agreement, but will not be a Party to this Second Amended Agreement; and

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NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

## ARTICLE I DEFINITIONS

Capitalized terms used in this Second Amended Agreement shall have the meanings set forth below or, if not set forth below but set forth in the Tariff, capitalized terms shall have the meaning set forth in the Tariff:

**Agreement:** As defined in the Recitals.

**Allocation Percentage:** A Party's share of the Zonal Revenue Requirement, as determined by dividing such Party's Revenue Requirement by the total Zonal Revenue Requirement for the applicable period. The Allocation Percentage shall be subject to adjustment from time to time pursuant to section 3.1 of this Second Amended Agreement.

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**Amended Agreement:** As defined in the initial paragraph hereof.

**Attachment O:** Attachment O to the Tariff.

**Bundled Load:** The aggregate usage by customers that purchase electric services as a single service or customers that purchase electric services under a retail tariff rate schedule that includes energy and delivery components, as distinguished from customers that purchase transmission service as a separate service.

**Designee:** The entity designated as such in Section 2.2 of this Second Amended Agreement.

**Directly Assigned Revenues:** The transmission revenues collected by or on behalf of MISO and actually distributed by or on behalf of MISO to the Designee for the Louisiana TPZ. Directly Assigned Revenues consist of all revenues collected under MISO Tariff Schedules 1, 7, 8, 9, 41, 42, and 47 and actually distributed by MISO to the Louisiana TPZ. For the avoidance of doubt, Directly Assigned Revenues do not include any revenues not distributed by MISO to the Designee.

**Effective Date:** As defined in Section 4.1 hereof.

**EGSL:** As defined in the initial paragraph hereof.

**ELL:** As defined in the initial paragraph hereof.

**Entergy System Agreement:** The agreement on file with FERC as Rate Schedule No. 8.

**FERC or Commission:** The Federal Energy Regulatory Commission or its successor.

**FPA:** The Federal Power Act, 16 U.S.C. §§ 791a-825r, *as amended by* Pub. L. No. 109-58, 119 Stat. 594 (2005).

**Louisiana Zone or Louisiana TPZ:** The joint transmission pricing zone listed as Zone 29 in Schedule 9 of the Tariff.

**MISO:** As defined in the Recitals. MISO includes any successor(s) thereof.

**MISO Agreement:** Agreement of Transmission Facilities Owners to Organize the Midcontinent Independent System Operator, Inc., a Delaware Non-Stock Corporation, on file with the FERC, or any successor agreement.

**Party or Parties:** As defined in the initial paragraph hereof.

**Revenue Requirement:** With respect to EGSL, the Annual Net Transmission Revenue Requirement for EGSL's transmission facilities in the Louisiana TPZ, as specified in EGSL's Attachment O. With respect to ELL, the Annual Net Transmission Revenue Requirements for ELL's transmission facilities in the Louisiana TPZ, as specified in ELL's Attachment O.

**Revenue Share:** Each Party's share of the Directly Assigned Revenues determined in accordance with Section 3.2 of this Second Amended Agreement.

**System:** The interconnected coordinated systems of the Participating Operating Companies.

**Tariff:** The Open Access Transmission, Energy and Operating Reserve Markets Tariff for Midcontinent Independent System Operator, Inc. on file with the Commission, or any successor tariff.

**Transmission Owner:** A party to the MISO Agreement that meets the criteria for the term "Owner" set forth therein.

**Zonal Revenue Requirement:** The sum of the Parties' Revenue Requirements plus the Attachment O revenue requirements of any other Transmission Owners in the Louisiana Zone.

## ARTICLE II RELATIONSHIP BETWEEN MISO AND THE PARTIES

2.1 **Relationship between MISO and the Parties.** MISO, as the independent system operator of a regional transmission system that operates the facilities in the Louisiana

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**ENOI:** As defined in the initial paragraph hereof.¶  
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**Load Responsibility:** As defined in Section 3.3 of this Amended Agreement.  
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**Participating Operating Companies:** Any entity that participates in the Entergy System Agreement during the term of this Agreement, it being expected that such Participating Operating Companies will initially consist of EGSL, ELL, ENOI, Entergy Mississippi, Inc., and Entergy Texas, Inc.¶  
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**Deleted:** **Responsibility Ratio:** As defined in Section 3.2 of this Amended Agreement.¶

Zone and as the Tariff administrator, is obligated to distribute revenues as provided under the Tariff and the MISO Agreement.

- 2.2 **Relationship between ELL and EGSL.** ELL shall serve as the Designee. As the Designee, ELL shall allocate and distribute revenues as provided under this **Second** Amended Agreement. ELL's receipt and remittance of EGSL's Revenue Shares pursuant to this **Second** Amended Agreement shall be performed as a collection agent on behalf of EGSL. ELL shall not retain any portion of EGSL's Revenue Shares.
- 2.3 **Bundled Load Exemption.** The Parties agree that as permitted under the Tariff (x) the Parties are not obligated to pay MISO the rates for Schedules 1 and 9 of the MISO Tariff for transmission and ancillary services they receive within the Louisiana TPZ and (y) the Parties are not obligated to pay MISO the rates for any other Schedules under the MISO Tariff that Transmission Owners are not obligated to pay for service associated with serving Bundled Load.

### ARTICLE III REVENUE DISTRIBUTION METHOD

- 3.1 **Allocation Percentages.** On an annual basis, or as otherwise necessary to reflect changes to the Attachment O template or zonal transmission facilities, EGSL and ELL shall each update their respective Attachment O templates. Following the effectiveness of any change to a Party's Revenue Requirement, ELL will use the Attachment O data for each Party's Revenue Requirement to re-determine the Zonal Revenue Requirement. Based on this information, ELL will calculate an Allocation Percentage for each Party reflecting that Party's pro rata share of the Zonal Revenue Requirement. ELL shall provide this calculation to EGSL within thirty (30) days of a change in the Attachment O template or other change to a Party's Revenue Requirement.
- 3.2 **Calculation of Parties' Revenue Shares.** To determine EGSL's Revenue Share for any month during the term of this Agreement, ELL shall multiply EGSL's Allocation Percentage for such month by the Directly Assigned Revenues for such month:
- $$\text{EGSL's Revenue Share} = \text{EGSL's Allocation Percentage} \times \text{Directly Assigned Revenues}$$
- 3.3 **Monthly Payment.** ELL shall make monthly payments to EGSL on or before 20 days after receiving the Directly Assigned Revenues for the applicable month.
- 3.4 **Data and Record Requirements.** ELL shall maintain records substantiating all revenues that it distributes to EGSL under this **Second** Amended Agreement. EGSL shall maintain records substantiating all information that Party provides to ELL and documenting all amounts that it receives from ELL under this **Second** Amended Agreement. The Parties shall maintain such records for six (6) years, unless FERC record retention requirements establish a retention requirement longer than six (6) years for a Party; if so, the FERC retention requirements shall apply.

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Deleted: A Party's Responsibility Ratio for a month shall be the ratio obtained by dividing the Load Responsibility of that Party for that month by the sum of the Load Responsibilities of the Parties for that month.¶

¶  
<#>**Calculation of Load Responsibility.** A Party's Load Responsibility for a month shall be calculated as the average of the sum of the Party's twelve monthly hourly loads coincident with the System's monthly peak hour load for the period ended with the current month measured in megawatts. Hourly load shall be defined as the sum of the hourly MW values for each of the Load Zones associated with a Party plus Behind the Meter Generation injections and necessary adjustments due to Financial Schedules. To the extent that a Party has engaged in a partial or full requirements sale to a third party, the load associated with that sale will be included in that Party's hourly load if it is not included in the Load Zone associated with that Operating Company.¶

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## ARTICLE IV TERM AND WITHDRAWAL

- 4.1 **Effective Date.** This Second Amended Agreement is effective as of June 1, 2014 (the “Effective Date”). The effectiveness of this Second Amended Agreement is subject to the terms of Section 8.9.
- 4.2 **Term.** This Second Amended Agreement shall remain in effect for a period of five (5) years after the Effective Date and, unless terminated in accordance with this Second Amended Agreement, shall continue in effect thereafter so long as (a) MISO allocates revenues under Schedules 1, 7, 8, 9, 41, 42, and 47 to ELL as the Designee and (b) the Parties, or their designees under Section 8.3 hereof, are Transmission Owners with transmission facilities included in the Louisiana Zone. Starting on the third anniversary of the Effective Date, a Party may terminate this Second Amended Agreement by providing two (2) years’ prior written notice of its intent to terminate this Second Amended Agreement.
- 4.3 **Withdrawal from MISO.** If a Party is withdrawing from MISO, such Party may, upon sixty (60) days’ prior written notice to the other Parties, terminate this Second Amended Agreement, provided that such termination may not take effect prior to the Party’s withdrawal from MISO. Nothing in this Second Amended Agreement shall be construed as affecting the rights of any Party to (a) make a unilateral application to FERC to withdraw from MISO or (b) challenge a withdrawal from MISO by another Party.
- 4.4 **Material Changes to Tariff or MISO Agreement.** In the event that the Commission approves a change to the Tariff or the MISO Agreement that has a material adverse effect upon a Party’s rights, obligations, costs, risks, and/or liabilities under this Second Amended Agreement, the Parties shall, upon the request of the adversely affected Party, negotiate in good faith to amend this Second Amended Agreement as necessary to provide for a just and reasonable allocation of revenues hereunder. If the Parties are unable to reach agreement on an amendment to this Second Amended Agreement resulting from such a change as provided above, a Party may seek to amend the Second Amended Agreement in accordance with Section 8.7 of this Second Amended Agreement.
- 4.5 **Rights And Obligations Upon Termination of this Second Amended Agreement.** Upon termination of this Second Amended Agreement, the Parties’ rights and obligations hereunder shall terminate, subject to financial settlement for the period ending on the date of termination.
- 4.6 **Effect of Business Combination.** The Parties acknowledge that the Entergy Operating Companies have proposed a series of transactions (the “Business Combination”) in which ELL and EGSL will combine their assets and liabilities into a single successor company, Entergy Louisiana Power, LLC (“Entergy Louisiana Power”). Upon the effective date of the Business Combination, this Second Amended Agreement shall terminate, and Entergy will treat the transmission revenues for retail ratemaking as ordered by the LPSC.

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## ARTICLE V OTHER CHARGES

Except as specifically provided in this Second Amended Agreement, revenues collected by or on behalf of MISO or distributed by MISO to any Transmission Owner will not be distributed under this Second Amended Agreement.

## ARTICLE VI AMENDMENT

- 6.1 **Amendment.** This Second Amended Agreement may be amended only by a written instrument duly executed by all Parties. No modification to any of the provisions herein will be binding on any Party unless approved in writing by all Parties.
- 6.2 **Renegotiation If Exemptions Do Not Apply.** If the exemptions from payments under Section 2.3 of this Second Amended Agreement do not apply, or if the Parties are not otherwise exempted from paying MISO the rates for any Schedule under the MISO Tariff that Transmission Owners are not obligated to pay for service associated with serving Bundled Load, then the Parties shall negotiate in good faith to amend this Second Amended Agreement as necessary to provide for a just and reasonable allocation of revenues hereunder. If the Parties do not agree to any amendments required to provide for a continued just and reasonable allocation of revenues hereunder, a Party may seek to amend the Amended Agreement in accordance with Section 8.7 of this Second Amended Agreement.

## ARTICLE VII DISPUTE RESOLUTION

- 7.1 **Dispute Resolution Process.** Any dispute or controversy relating to this Second Amended Agreement shall be referred to one or more designated representative(s) of each Party for resolution on an informal basis as promptly as practicable. A Party may initiate this process by providing written notice of the dispute to the other Parties. In the event that the Parties are unable to resolve the dispute within sixty (60) days, the dispute may be referred to formal alternative dispute resolution processes if mutually agreeable to the Parties. If no satisfactory resolution is reached, the processes set forth in this provision shall terminate. Upon the expiration of sixty (60) days from the date notice of a dispute is given pursuant to this provision, such dispute or controversy may be submitted to FERC or any court having jurisdiction under applicable law.
- 7.2 **Reimbursement.** Any amount owed by a Party upon the resolution of a dispute shall be paid within ten (10) days following resolution of that dispute, including interest from the original due date at a rate equal to the FERC interest rate in effect for each day on which interest accrues, unless otherwise agreed by the Parties.

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**ARTICLE VIII  
MISCELLANEOUS PROVISIONS**

- | 8.1 **Descriptive Headings.** The descriptive headings in this Second Amended Agreement have been inserted for convenience of reference and shall not affect the construction of this Second Amended Agreement.
- | 8.2 **Governing Law and Venue.** This Second Amended Agreement shall be interpreted and enforced according to the laws of the State of Louisiana, except to the extent preempted by the laws of the United States of America, and without regard to any principle of conflicts of law that may require or permit the application of the laws of any other jurisdiction. Any action arising hereunder that involves questions of state law shall be instituted and litigated in the courts of Louisiana.
- | 8.3 **Successors and Assigns.** This Second Amended Agreement shall inure to the benefit of, and be binding upon, the Parties' respective successors and assigns. This Second Amended Agreement may not be assigned by a Party without the prior written consent of the other Parties; provided, however, that a Party may, without the consent of the other Parties, transfer, assign, or delegate its rights, liabilities, and interests in and under this Second Amended Agreement to an affiliate of that Party. In addition, either Party may, without the consent of the other Parties, transfer assign, or delegate its rights, liabilities, and interests in and under this Second Amended Agreement to an entity that is being transferred all or a portion of (a) such Party's obligation to serve retail load pursuant to a change in law or (b) all or substantially all of the Party's transmission facilities within the Louisiana Zone, effective upon such transfer or assignment.
- | 8.4 **Delivery of Notices.** All notices hereunder shall be sufficiently given for all purposes hereunder if in writing and delivered personally, sent by documented overnight delivery service or, to the extent receipt is confirmed, by United States mail or facsimile to the appropriate address or number as set forth below.

Notices to ELL shall be addressed as follows, unless changed in writing by ELL:

VP, Regulatory Affairs  
Entergy Gulf States Louisiana, L.L.C.  
4809 Jefferson Hwy  
Jefferson, LA 70121

Notices to EGSL shall be addressed as follows, unless changed in writing by EGSL:

VP, Regulatory Affairs  
Entergy Louisiana L.L.C.  
4809 Jefferson Hwy  
Jefferson, LA 70121

Notice given by overnight delivery or mail shall be effective upon actual receipt. Notice given by facsimile shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. All notices by facsimile shall be confirmed by the Party giving such notice promptly after transmission in writing by certified mail or overnight delivery to the recipient Party(ies).

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Notices to ENOI shall be addressed as follows, unless changed in writing by ENOI:¶

¶  
VP, Regulatory Affairs¶  
Entergy New Orleans, Inc.¶  
1600 Perdido Street¶  
New Orleans, LA 70112¶

8.5 **Entire Agreement; Waiver.** This Second Amended Agreement constitutes the entire agreement among the Parties with respect to the subject matter of this Second Amended Agreement and supersedes all negotiations, representations, warranties, commitments, offers, contracts and communications, written or oral, occurring, made, or entered into prior to the date first written above with respect to the matters contained herein. A Party's waiver or failure to insist upon strict compliance with an obligation, covenant, agreement, or term in this Second Amended Agreement shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

8.6 **Counterparts.** This Second Amended Agreement may be executed in counterparts, including counterparts delivered by facsimile in accordance with Section 8.4, all of which shall constitute one agreement and have the same force and effect as an original instrument.

8.7 **FERC Section 205 and 206 Rights.** Nothing contained in this Second Amended Agreement shall limit in any way the ability of a Party to exercise its rights under Section 205 of the FPA. The standard of review for changes to this Second Amended Agreement proposed by any Party shall be the "just and reasonable" standard of review, provided that such standard of review shall not be the public interest application of the "just and reasonable" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956), and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956). Changes to this Second Amended Agreement proposed by a non-Party shall be subject to the most stringent standard of review permissible under applicable law.

8.8 **Audit Rights.** Any Party may conduct, at its own expense, audits of any other Party's books and records that relate to this Second Amended Agreement. Such audits will be conducted at reasonable, mutually agreed-upon times, and the Parties will cooperate in good faith to effectuate such audits.

8.9 **Regulatory Approval.** This Second Amended Agreement is subject to regulatory approval by FERC. In the event that FERC disapproves or refuses to accept this Second Amended Agreement in whole or in part, this Second Amended Agreement shall cease to be effective, except that the Parties shall be obligated to attempt expeditiously and in good faith to negotiate a substitute agreement that addresses the reasons for such refusal or disapproval. In negotiating a substitute agreement, a Party will not be required to accept any change that would reasonably be expected to result in a material change to the expected economic outcome of such Party under this Second Amended Agreement.



8.10 **Limitations.** Each Party shall remain liable for its share of charges or assessments incurred under the Tariff or MISO Agreement, including congestion costs, lost revenue charges, exit fees, and comparable costs. This Second Amended Agreement shall not impart rights enforceable by any person or entity that is not a Party hereto or is not a permitted successor or assignee of a Party bound by this Second Amended Agreement. This Second Amended Agreement shall not be construed to create any third-party beneficiary rights of any sort. NO PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL, INDIRECT, PUNITIVE, OR EXEMPLARY DAMAGES OF ANY KIND OR NATURE ARISING OUT OF OR IN CONNECTION WITH THIS SECOND AMENDED AGREEMENT, INCLUDING LOST PROFITS, LOST SALES OR REVENUES, WHETHER BY STATUTE, IN TORT OR CONTRACT.

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IN WITNESS THEREOF, the Parties, by their duly authorized agents, have hereunder executed  
this Second Amended Agreement.

ENTERGY LOUISIANA, LLC

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

ENTERGY GULF STATES LOUISIANA, L.L.C.

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Deleted:** ENTERGY NEW ORLEANS, INC.  
By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT F**

**Form of Settlement Payment Agreement**

**AGREEMENT FOR SETTLEMENT PAYMENTS  
ASSOCIATED WITH THE DIVISION OF THE LOUISIANA TRANSMISSION  
PRICING ZONE**

This AGREEMENT FOR SETTLEMENT PAYMENTS ASSOCIATED WITH THE DIVISION OF THE LOUISIANA TRANSMISSION PRICING ZONE (this “Agreement”), dated as of \_\_\_\_\_, 2015 (the “Execution Date”), is entered into by and between Entergy New Orleans, Inc., a corporation organized and existing under the laws of the State of Louisiana (“Entergy New Orleans”), and Entergy Louisiana Power, LLC, a corporation organized and existing under the laws of the State of Texas (“Entergy Louisiana Power”). Entergy New Orleans and Entergy Louisiana Power are sometimes referred to herein individually as a “Party” or collectively as the “Parties”.

RECITALS:

WHEREAS, Entergy New Orleans and Entergy Louisiana Power, were parties to the Entergy System Agreement;

WHEREAS, on December 13, 2012, the Board of Directors of the Midcontinent Independent System Operator, Inc. (“MISO”) approved the Parties’ application to integrate into MISO as Transmission Owners;

WHEREAS, the Parties completed integration with MISO on December 19, 2013;

WHEREAS, the Parties currently participate jointly in a single Louisiana transmission pricing zone, designated as Zone [\_\_\_\_] under the MISO Tariff;

WHEREAS, on {}, the Parties and Entergy Texas entered into a Settlement Agreement (“Settlement Agreement”) to resolve all disputes associated Federal Energy Regulatory Commission (“FERC”) Docket Nos. ER14-75-000, ER14-75-001, ER14-76-000, ER14-76-001, ER14-77-000, ER14-77-001, ER14-78-000, ER14-78-001, ER14-79-000, ER14-79-001, ER14-80-000, ER14-80-001, ER14-128-000, ER14-1328-000, and ER14-1329; and

WHEREAS, as part of that Settlement Agreement, the System Agreement will terminate on August 31, 2016 at 11:59:59 P.M.; and

WHEREAS, as part of that Settlement Agreement, the Parties have agreed that a separate transmission pricing zone shall be established for Entergy New Orleans under the MISO Tariff (the “ENO Zone”), and the Parties have further agreed that Entergy New Orleans shall pay to Entergy Louisiana Power certain specified settlement payments after the System Agreement terminates and FERC approves a separate transmission pricing zone for Entergy New Orleans;

## AGREEMENT:

NOW, THEREFORE, in consideration of the representations, warranties, covenants and conditions hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

### ARTICLE 1 TERM

1.1 Term. The term of this Agreement (the “Term”) shall commence on the first day of the month following the later of (i) the date of termination of the System Agreement in accordance with the Settlement Agreement, or (ii) the date of the FERC approval of a separate transmission pricing zone for Entergy New Orleans in accordance with the Settlement agreement, and shall continue in effect until the earlier of (iii) the fulfillment and discharge of all obligations and liabilities of the Parties hereunder, including, without limitation, the payment obligations set forth in Article 2, or (iv) the effective time of the prior termination of this Agreement in accordance with its terms or by mutual agreement of the Parties. No Party shall have any liability or obligation to the other hereunder subsequent to the expiration or termination of this Agreement, except for liabilities or obligations that survive termination of this Agreement under Section 7.1.

1.2 FERC Approval-Based Termination Right. The Parties acknowledge the need for FERC approval of this Agreement. In the event that the Parties have not obtained an approval of FERC that (i) accepts and approves this Agreement in its entirety without modification and (ii) is final and not subject to appeal or otherwise subject to challenge (the “Required FERC Approval”), each Party shall have the right to terminate this Agreement upon notice to the other. Such termination right shall only remain available until the earlier of (iii) the date the Required FERC Approval is obtained or (iv) the date FERC approves the ENO Zone. In the event that the Parties obtain an approval of FERC that accepts and approves this Agreement but with one or more modifications that are unacceptable to a Party in its sole and absolute discretion, such Party shall promptly notify the other that such FERC approval is unacceptable to such Party. In the event that FERC approves the ENO Zone but denies approval of this Agreement, the Parties agree to negotiate in good faith for and file for FERC approval an agreement consistent with the terms of Settlement Agreement Section II.C(2) (“Replacement Agreement”). On the date FERC approves the Replacement Agreement, this Agreement shall terminate. Upon the effectiveness of any termination of this Agreement in accordance with this Section 1.2, the Parties shall have no further liabilities or obligations to each other hereunder, except liabilities or obligations that survive termination under Section 7.1.

### ARTICLE 2 SPECIFIED SETTLEMENT PAYMENTS

Specified Settlement Payments. On the first day of the Term, Entergy New Orleans shall make a payment in the amount of \$183,333.33 to Entergy Louisiana Power. On the first day of each month for 179 months thereafter, Entergy New Orleans shall make a payment in the amount of \$183,333.33 to Entergy Louisiana Power. For the avoidance of doubt, Entergy New Orleans

shall make a total of 180 monthly payments to Entergy Louisiana Power. Each monthly payment of \$183,333.33 is a “Specified Settlement Payment”.

### **ARTICLE 3 BILLING AND PAYMENT**

3.1 Invoice. On (i) the date of termination of the System Agreement in accordance with the Settlement Agreement, or (ii) the date of the FERC approval of a separate transmission pricing zone for Entergy New Orleans in accordance with the Settlement agreement, whichever occurs later, Entergy Louisiana Power shall render to Entergy New Orleans, at the address identified in Article 6, a written invoice for the Specified Settlement Payment (the initial “Monthly Invoice”). By the fifteenth day of each following month of the Term, Entergy Louisiana Power shall render to Entergy New Orleans, at such address as Entergy New Orleans may designate to Entergy Louisiana Power in writing from time to time, a written invoice for the Specified Settlement Payment (a “Monthly Invoice”).

3.2 Payment. Subject to the other terms hereof, including Section 3.4, Entergy New Orleans shall pay the amount shown to be due and owing to Entergy Louisiana Power on the initial Monthly Invoice and each subsequent Monthly Invoice by wire transfer of immediately available funds to the account specified for payments in accordance with Section 6.1 on or before ten (10) days after Entergy New Orleans receives such Monthly Invoice or the first day of the month following delivery of such Monthly Invoice, whichever is later. If the due date of any payment is not a Business Day (defined below), payment shall be due on the next Business Day after the due date. A “Business Day” means any calendar day except Saturday, Sunday or any holiday observed by Federal Reserve Banks.

3.3 Delinquent Payments. The unpaid amount of any payment due from Entergy New Orleans to Entergy Louisiana Power under this Agreement shall accrue interest at a rate of interest equal to the FERC interest rate in effect for each day from the first day following the date on which payment is due until the date payment is made.

3.4 Payment of Disputed Amounts. If Entergy New Orleans, in good faith, disputes the amount shown on any Monthly Invoice or any part thereof, Entergy New Orleans shall pay to Entergy Louisiana Power the amount not in dispute, along with an explanation of the basis for the dispute. For the avoidance of doubt, Entergy New Orleans may dispute the accuracy of a Monthly Invoice after payment has been made in respect of such Monthly Invoice. Payment by Entergy New Orleans of any amount hereunder shall not be deemed to be a waiver of the right of Entergy New Orleans to recoup any overpayments together with interest the Contract Interest Rate.

3.5 Adjustments. If any audit, inspection, or examination reveals any inaccuracy in any statement or Monthly Invoice hereunder, the necessary adjustments shall be made. Inadvertent underpayments or overpayments shall be paid or returned, with interest accrued at

the Contract Interest Rate from the date originally due (or the date of such overpayment) to but excluding the date paid or returned.

#### **ARTICLE 4**

#### **REPRESENTATIONS AND WARRANTIES**

Each Party represents and warrants to the other Party that, as of the Execution Date:

(a) it is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, in good standing;

(b) its obligations under this Agreement constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms, subject to applicable bankruptcy or similar laws affecting creditors' rights generally, and subject, as to enforceability, to equitable principles of general application regardless of whether enforcement is sought in a proceeding in equity or at law;

(c) the execution, delivery, and performance of its obligations under this Agreement and the transactions contemplated hereunder are within its powers, have been duly authorized by all necessary action, and do not:

(i) violate, conflict with or result in a breach of any provision of its organizational or governing documents;

(ii) result in a default (or give rise to any right, including any right of termination, purchase, first refusal, cancellation, acceleration or guaranteed payment, or a loss of rights) under, or conflict with, or result in a breach of any of the terms, conditions, or provisions of any note, bond, mortgage, loan agreement, deed of trust, indenture, license, agreement, or any other instrument or obligation to which it is a party or by which it or any of its assets or properties is bound that, individually or in the aggregate, could reasonably be expected to have a material adverse affect upon the performance of its obligations hereunder;

(iii) result in, or require the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest, or any other charge or encumbrance of any nature (other than as may be contemplated by this Agreement) upon or with respect to any of its assets or properties; or

(iv) violate, conflict with or result in a breach of any applicable law, including any order, writ, judgment, injunction, decree, determination, or award, or any governmental approval having applicability to it or its assets or properties that, individually or in the aggregate, could reasonably be expected to have a material adverse affect upon the performance of its obligations hereunder; and

(d) the person who executes this Agreement on behalf of such Party has full and complete authority to do so and that such Party will be bound thereby.

## **ARTICLE 5**

### **EVENTS OF DEFAULT; REMEDIES**

5.1 Events of Default. An “Event of Default” shall mean, with respect to Entergy New Orleans, the occurrence of any of the following:

(a) the failure by Entergy New Orleans to make when due any payment to Entergy Louisiana Power under this Agreement, to the extent not disputed by Entergy New Orleans in good faith pursuant to Section 3.4, and such failure has not been remedied on or before thirty (30) Business Days after Entergy New Orleans’ receipt of notice thereof delivered by or on behalf of Entergy Louisiana Power;

(b) any of the representations and warranties herein made by Entergy New Orleans is false or inaccurate in any material respect as of the date made or repeated and has not been remedied by Entergy New Orleans on or before sixty (60) days after Entergy New Orleans’ receipt of notice thereof delivered by or on behalf of Entergy Louisiana Power, it being understood that such default may be remedied by correcting the condition that caused the representation to be false or inaccurate;

(c) the assignment or transfer by Entergy New Orleans of this Agreement in whole or in part other than as permitted under Section 7.2, unless remedied on or before sixty (60) days after Entergy New Orleans’ receipt of notice thereof delivered by or on behalf of Entergy Louisiana Power;

(d) any material breach by Entergy New Orleans of the covenants or other obligations of Entergy New Orleans set forth in this Agreement (other than any failure listed individually as a separate Event of Default in this Section 5.1) that is not remedied by Entergy New Orleans on or before sixty (60) days after Entergy New Orleans’ receipt of notice thereof delivered by or on behalf of Entergy Louisiana Power; or

(e) Entergy New Orleans consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another person and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of Entergy New Orleans under this Agreement by operation of law or pursuant to an agreement reasonably satisfactory to Entergy Louisiana Power.

#### 5.2 Remedies.

(a) If an Event of Default shall have occurred and be continuing, Entergy Louisiana Power shall have the right to designate a day, no earlier than the day such notice is effective and no later than twenty (20) days after such notice is effective, as an early termination date (the “Early Termination Date”) to accelerate all amounts payable to Entergy Louisiana Power by Entergy New Orleans under this Agreement and to liquidate and terminate all obligations under this Agreement. Entergy Louisiana Power shall calculate, consistent with the terms of this Agreement, the Termination Payment (defined below) as of the Early Termination Date.



(b) “Termination Payment” means the total amount of Specified Settlement Payments that have not been paid by Entergy New Orleans, and that are owed to Entergy Louisiana Power in accordance with Section 2.

(c) Concurrent with, or as soon as practicable after (but no later than ten (10) days after), notification of the Early Termination Date, notice shall be given by Entergy Louisiana Power to Entergy New Orleans of the amount of the Termination Payment and a statement explaining in reasonable detail the calculation of such amount. The Termination Payment shall be payable on or before ten (10) Business Days after such notice of the Termination Payment’s amount is effective.

(d) If Entergy New Orleans disputes Entergy Louisiana Power’s calculation of the Termination Payment, in whole or in part, Entergy New Orleans shall provide to Entergy Louisiana Power, on or before seven (7) Business Days after receipt of Entergy Louisiana Power’s calculation of the Termination Payment, a detailed explanation of the basis for such dispute.

(e) Notwithstanding anything to the contrary, except for the rights to terminate expressly set forth in this Agreement, neither Party shall have any right to terminate this Agreement for any reason. Whether or not this Agreement is terminated, either Party shall have any remedies available to it under this Agreement or at law or in equity in the event of a breach or default by the other Party, except as expressly limited in this Agreement.

## **ARTICLE 6**

### **NOTICES**

6.1 Designation. Except as otherwise provided in this Agreement, any notice, request, demand, statement or bill provided for in this Agreement, or any notice which a Party may desire to give to the other hereunder, shall be in writing and, subject to Section 6.3, addressed as follows:

- (a) If to Entergy Louisiana Power for payment:
  - Wire:
  - Bank:
  - ABA Number:
  - Account Number:

If to Entergy Louisiana for all other purposes:

[                      ]  
[                      ]  
[                      ]

Attention: [                      ]  
Telephone: [                      ]  
Fax: [                      ]

with a copy to:

[                      ]  
[                      ]  
[                      ]

Attention: [                      ]  
Telephone: [                      ]  
Fax: [                      ]

(b) If to Entergy New Orleans:

[                      ]  
[                      ]  
[                      ]

Attention: [                      ]  
Telephone: [                      ]  
Fax: [                      ]

with a copy to:

[                      ]  
[                      ]  
[                      ]

Attention: [                      ]  
Telephone: [                      ]  
Fax: [                      ]

6.2 Delivery. All written notices shall be mailed, delivered personally or by nationally recognized courier service that provides a receipt of delivery, or sent by fax. All notices, requests, demands, statements and bills given by mail or personal delivery shall be effective on the date of actual receipt at the appropriate address. Notices shall be presumed received if sent by fax, upon confirmation transmission by sender's fax machine, and if sent by a recognized national courier service for overnight delivery, the day following timely delivery of the notice to such service.

6.3 Change of Designation. Either Party may from time to time designate as the address for notification or payment hereunder any other address of its choice by delivery of written notice to the other Party.

## **ARTICLE 7 MISCELLANEOUS**

7.1 Survival. The provisions of Articles 4 through 7, including the rights and obligations of the Parties therein provided, and a Party's liability for a breach of this Agreement or Event of Default, shall survive the termination or expiration of this Agreement.

7.2 Successors and Assigns. This Agreement shall be binding on the Parties hereto and their respective heirs, successors and assigns. Except for the succession and assignment described above in Section 2.3, no assignment of this Agreement by a Party may be made without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned, or delayed; provided, however, that (i) a Party may transfer, sell, pledge, encumber, or assign this Agreement or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements of such Party or one or more of its affiliates, and (ii) a Party may, without the consent of the other Party, transfer or assign its rights, liabilities, and interests in and under this Agreement (a) to an affiliate; (b) to any unaffiliated third party succeeding to all or substantially all of the assets of such Party; or (c) if a Party's obligation to serve retail load is transferred to another person pursuant to a change in law (including implementing rules and regulations), to such person. Upon any assignment pursuant to clause (i) above, the transferor shall remain principally liable for and shall not be relieved of or discharged from any obligations hereunder. Notwithstanding anything to the contrary in the foregoing, no assignment of this Agreement may be made by Entergy New Orleans unless the assignee assumes all the obligations of Entergy New Orleans under this Agreement by operation of law or pursuant to an agreement reasonably satisfactory to Entergy Louisiana Power upon any such assignment. Any attempted assignment not effected in accordance with this Section 7.2 shall be deemed void *ab initio*.

7.3 Damages in General. NEITHER PARTY SHALL BE HELD LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, INCLUDING LOST PROFITS, LOST REVENUES, OR BUSINESS INTERRUPTION DAMAGES, IN TORT, CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE (EXCEPT IN THE CASE OF A PARTY'S GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR INTENTIONAL, BAD FAITH BREACH).

7.4 Waivers. Neither an action taken (including, without limitation, any investigation by or on behalf of any Party) nor an inaction pursuant to this Agreement shall be deemed to constitute a waiver of or compliance with any condition, promise, representation, warranty, covenant or agreement contained herein. A waiver by any Party hereto of a particular right, including, without limitation, breach of any provision of this Agreement, shall not operate or be construed as a subsequent waiver of that same right or a waiver of any other right.

7.5 No Third-Party Beneficiaries. Nothing contained in this Agreement shall be construed to confer any right, benefit or interest upon any person or entity other than the Parties hereto.

7.6 Amendment and Modification. All amendments, supplements and modifications to this Agreement shall be express and in writing and signed by duly authorized representatives of each of the Parties.

7.7 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction shall be ineffective as to such jurisdiction, to the extent of such invalidity or unenforceability, without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any terms and provisions of this Agreement in any other jurisdiction.

7.8 Further Assurances. At any time or from time to time, each of the Parties will, at the reasonable request of the other, execute and deliver or cause to be executed and delivered all such documents and instruments, and take or cause to be taken all such other reasonable actions as may be necessary or desirable in order to more fully and effectively carry out the intents and purposes of this Agreement.

7.9 Complete Agreement. This Agreement contains the entire agreement between the Parties with respect to the matters contained herein.

7.10 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which together shall constitute one Agreement binding on the Parties hereto. A facsimile transmission of a signed counterpart of this Agreement shall be the same as delivery of a signed original.

7.11 Attorneys' Fees. In the event of any litigated claim or dispute between the Parties relating to this Agreement, the prevailing Party shall be entitled to recover from the other Party its reasonable out-of-pocket costs incurred in connection with such claim or dispute, including reasonable attorneys' fees and other legal fees and expenses.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above to be effective as of the Execution Date.

**ENTERGY NEW ORLEANS, INC.**

By: \_\_\_\_\_

[Printed Name]

[Title]

**ENTERGY LOUISIANA POWER, LLC**

By: \_\_\_\_\_

[Printed Name]

[Title]

*CERTIFICATE OF SERVICE*

I hereby certify that I have on this day caused to be served a copy of the foregoing Settlement Agreement in Docket Nos. ER14-75-000, ER14-75-001, ER14-76-000, ER14-76-001, ER14-77-000, ER14-77-001, ER14-78-000, ER14-78-001, ER14-79-000, ER14-79-001, ER14-80-000, ER14-80-001, ER14-128-000, ER14-1328-000, and ER14-1329 upon all parties designated on the official service list in these proceedings.

Dated at Washington, D.C., this 14th day of August 2015.

/s/  
Karis Anne Gong Parnham  
ENTERGY SERVICES, INC.  
101 Constitution Avenue, N.W.  
Suite 200 East  
Washington, DC 20001  
(202) 530-7338